2011
REGISTRATION DOCUMENT AND ANNUAL FINANCIAL REPORT

BNP PARIBAS | The bank for a changing world

BNP PARIBAS

2011 Registration document and annual financial report

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

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

The original document was filed with the AMF (French Securities Regulator) on 9 March 2012, in accordance with article 212-13 of the AMF's General Regulations. It may be used in support of a financial transaction only if supplemented by a Transaction Note that has received approval from the AMF.

This document includes all elements of the annual financial report specified by Section I of article L.451-1-2 of the *Code Monétaire et Financier* and article 222-3 of the AMF's General Regulations. A table allowing cross-referencing between the documents specified in article 222-3 of the AMF's General Regulations and the corresponding sections of this document is provided on page 387.

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

1 PRESENTATION OF THE BNP PARIBAS GROUP

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1.1 Group presentation

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

It is present in 79 countries and has almost 200,000 employees, including over 155,000 in Europe. BNP Paribas holds key positions in its three activities:

- Retail Banking, which includes the following operating entities:
  - French Retail Banking (FRB),
  - BNL banca commerciale (BNL bc), Italian retail banking,
  - BeLux Retail Banking,
  - Europe-Mediterranean,
  - BancWest,
  - Personal Finance,
  - Equipment Solutions;
- Investment Solutions;
- Corporate and Investment Banking (CIB).

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

1.2 Key figures

RESULTS

	2007	2008	2009	2010	2011
Revenues *(in millions of euros)*	31,037	27,376	40,191	43,880	42,384
Gross operating income *(in millions of euros)*	12,273	8,976	16,851	17,363	16,268
Net income Group share *(in millions of euros)*	7,822	3,021	5,832	7,843	6,050
Earnings per share *(in euros)*(*)	8.25	2.99	5.20	6.33	4.82
Return on equity(**)	19.6%	6.6%	10.8%	12.3%	8.8%

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

(**) Return on equity is calculated by dividing net income Group share (adjusted for interest on undated super-subordinated notes deemed equivalent to preferred shares issued by BNP Paribas SA and treated as a dividend for accounting purposes) by average equity attributable to equity holders at 1 January and 31 December of the period concerned (after distribution and excluding undated super-subordinated notes deemed equivalent to preferred shares issued by BNP Paribas SA).

MARKET CAPITALISATION

	31/12/2006	31/12/2007	31/12/2008	31/12/2009	31/12/2010	31/12/2011
Market capitalisation *(in billions of euros)*	76.9	67.2	27.6	66.2	57.1	36.7

Source: Bloomberg.

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LONG TERM CREDIT RATINGS

Standard and Poor's: AA-, negative outlook – outlook revised on 23 January 2012

Moody's: Aa3, on watch with a view to a possible downgrade – 15 February 2012

Fitch: A+, stable outlook – rating revised on 15 December 2011

1.3 History

1966: Creation of BNP

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

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

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

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

1987: Privatisation of Compagnie Financière de Paribas

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

1993: Privatisation of BNP

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

1998: Creation of Paribas

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

1999: A momentous year for the Group

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

2000: Creation of BNP Paribas

BNP and Paribas merged on 23 May 2000.

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

2006: Acquisition of BNL in Italy

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

2009: Merger with the Fortis group

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

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1.4 Presentation of activities and business lines

RETAIL BANKING

With 7,200 branches in 43 countries, 23 million individual, professional and small business customers and 280,000 corporate clients, in 2011, BNP Paribas generated more than half of its revenues from retail banking and consumer finance activities–with close to 13 million active customers–and leasing activities. Retail banking activities employ 144,000 people, representing over 70% of the Group's headcount.

Retail Banking is divided into seven autonomous operating entities:

- French Retail Banking;
- BNL bc, Italian retail banking;
- BeLux Retail Banking, covering retail banking activities in Belgium and Luxembourg;
- Europe-Mediterranean, covering retail banking activities in Central and Eastern Europe, Turkey, the Mediterranean, West Africa and Asia;
- BancWest, the retail banking network in the USA;
- Personal Finance, comprising the specialist personal loan, consumer credit and mortgage financing businesses;
- Equipment Solutions, dedicated to financing equipment for corporate clients.

Five transversal missions – Distribution, Markets & Solutions (DMS), IT, Operations, Human Resources and Communications – provide the business lines with their expertise and work on shared cross-functional projects.

There are also two cross activities: Cash Management and Factoring.

In 2012, the organisational structure of Retail Banking activities is set to change as follows:

- a set of **Domestic Markets**, grouping together retail banking networks of BNP Paribas in France (FRB), Italy (BNL bc), Belgium (BNP Paribas Fortis) and Luxembourg (BGL BNP Paribas), leasing activities (BNP Paribas Leasing Solutions), automotive fleet leasing with associated services (Arval) and BNP Paribas Personal Investors, online savings and brokerage expert. Lastly, Wealth Management will continue to report functionally to this set;
- an **International Retail Banking** entity, grouping together countries covered previously by the Europe-Mediterranean operating entity (Central and Eastern Europe, Turkey, Mediterranean, West Africa and Asia), in addition to the USA with BancWest;
- a **Personal Finance** entity, market leader in consumer finance, with operations in around 30 countries.

FRENCH RETAIL BANKING

French Retail Banking (FRB) supports all its clients with their projects. It has a client base made up of 6.8 million individual and private banking clients, 615,000 small business and professional clients and 25,000 corporate and institutional clients. The division offers a broad line-up of products and services, ranging from current account services to the most complex financial engineering services in the areas of corporate financing and asset management.

During 2011, FRB acquired close to 460,000 new clients. To forge even closer relationships with its clients, French Retail Banking continues to invest in its network. At 31 December 2011, it consisted of 2,250 branches, of which over 1,450 have been refurbished based on the "Welcome & Services" concept, and 5,892 cash dispensers. As such, the network is now more compatible with a multi-channel organisational structure.

The French Retail Banking Division employs 31,900 people working for all its clients chiefly in the BNP Paribas branded branch network, as well as at BNP Paribas Factor, BNP Paribas Développement, a provider of capital, and Protection 24, a remote surveillance firm. The merger between BNP Paribas and Banque de Bretagne was completed in October 2011.

The network is organised by client category:

- branches dedicated to individual, professional and business clients;
- 223 wealth management centres, making BNP Paribas the no. 1 private bank in France (based on assets under management)[1];
- a unique network of 28 Business Centres dedicated to business customers across the length and breadth of the country, as well as a professional assistance service–Service Assistance Enterprise (SAE)–and Cash Customer Services (CCS);
- 46 Small Business Centres which help small businesses and SMEs to manage their wealth planning projects or projects related to their company's lifecycle.

The Client Relations Centre's three platforms in Paris, Orléans and Lille deal with calls made to the branches and handle client e-mails. A Net Crédit Immo contact centre processes mortgage applications in less than 48 hours. In addition, a dedicated area on bnpparibas.net (NetÉpargne) provides information for clients and enables them to apply for on balance sheet savings accounts and life insurance products.

FRB continues to pursue the development of its multi-channel approach encompassing automated banking systems in branches, mobile account management and applications, new online services and loans, and the NET Agence online bank.

Backed by 59 production and sales support branches, FRB's back offices handle all the transaction processing operations.

BNL BANCA COMMERCIALE

BNL banca commerciale (BNL bc) is one of the major players in the Italian banking system, ranking 6th in terms of both total assets and loans to customers[2].

(1) Source: Décideurs Stratégie Finances Droit 2011.

(2) Source: published financial information on companies' websites.

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BNL bc provides a comprehensive range of banking, financial and insurance products and services to meet the needs of its diversified client base consisting of:

- about 2.5 million individuals and 20,900 private clients (households);
- 169,000 small business clients;
- over 29,000 medium and large companies, including Large Relationships ("*Grandes Relations*") consisting of around 460 groups with 1,800 operating companies;
- 16,000 local authorities and non-profit organisations.

In retail and private banking, BNL bc has a strong position in lending, especially residential mortgages (market share of nearly 7%), and a good deposits base (market share of around 4% for current accounts) well ahead of its network penetration (2.7% in terms of branch numbers)[(1)].

BNL bc also has a longstanding tradition in supporting large companies and local authorities (with market shares of over 4% and 5% respectively[(1)] for loans) with a well-established reputation in cross-border payments, project financing and Structured Finance, as well as factoring through its specialised subsidiary Ifitalia (which ranks 2nd in the market in terms of annual turnover[(2)]).

BNL bc has adopted a multi-channel distribution approach, organised into 5 regions ("*direzioni territoriali*") with the Retail & Private Banking and Corporate Banking activities being run as separate structures:

- close to 890 branches;
- 29 Private Banking Centres;
- 33 Small Business Centres;
- 53 branches dealing with small and medium enterprises, large corporates, local authorities and public sector organisations.

In addition, 5 Trade Centres provide companies with a range of solutions for cross-border activities, complementing BNP Paribas' international network. Moreover, a network of 10 Italian desks, mainly located in the Mediterranean area, assists Italian companies abroad as well as multinational companies with direct investments in Italy.

The multi-channel offering is complemented by more than 1,970 Automated Teller Machines and over 25,600 points of sale with retailers, as well as telephone and online banking for both retail and business clients.

This organisation is supported by specialised local risk and back-office units, which on one side closely monitor risk exposures, and on the other help the distribution network to improve the satisfaction of both internal and external clients with high-quality and effective services.

BELUX RETAIL BANKING

Retail & Private Banking (RPB)

BNP Paribas Fortis is no. 1 in personal banking in Belgium, with 3.7 million customers and high-ranking positions in all banking products[(3)]. Retail customers are reached through a multi-channel distribution strategy. The branch network comprises 983 branches plus 681 customer service points under the partnership with Banque de la Poste and 308 Fintro franchise outlets[(4)].

RPB's Client Relationship Management (CRM) centre manages a network of 3,259 cash dispensers, as well as online banking services (1.2 million users), mobile banking and phone banking.

With 38 Private Banking Centres, BNP Paribas Fortis is a major player in the Belgian private banking market. Its services are aimed at individual customers with assets of more than EUR 250,000. Wealth Management caters to clients with assets of more than EUR 4 million.

Corporate & Public Bank Belgium (CPBB)

CPBB offers a comprehensive range of financial services to Belgian corporates, public entities and local authorities. With more than 650 corporate clients and 14,200 midcap clients, it is the market leader in both those categories[(5)] and a challenger in public banking with 850 clients. CPBB keeps very close to the market through its team of more than 70 corporate bankers and 217 relationship managers operating out of 22 Business Centres, supported by specialists in specific areas.

Retail and Corporate Banking Luxembourg (BDEL)

The BDEL business of BGL BNP Paribas provides a broad range of financial products and services to its private and professional clients, as well as corporates through a network of 38 branches and departments dedicated to corporate clients. BGL BNP Paribas is the second-largest retail bank in Luxembourg in terms of services for individuals, with a total of 213,000 resident customers representing a market share of 16%[(6)]. It is the leading commercial bank with 37,500 corporate clients representing a market share of 38%[(7)].

(1) Source: internal data and Bank of Italy statistics as at 30 September 2011.

(2) Source: Assifact as at 31 December 2011.

(3) Source: Strategic Monitor Individuals study 2010.

(4) In December 2011, Fintro had 1,018 employees, 335,427 customers and more than EUR 11.25 billion of deposits.

(5) Source: TNS survey.

(6) Source: ILRES survey, October 2011.

(7) Source: ILRES survey, November 2010 (conducted every two years).

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EUROPE-MEDITERRANEAN

Europe-Mediterranean (EM) operates a network of 2,087 branches in 10 geographical areas. It is present in Turkey, Central and Eastern Europe (Poland and Ukraine), the southern Mediterranean Basin (Morocco, Algeria, Tunisia, Egypt), in sub-Saharan Africa and in Asia through partnerships.

EM is gradually rolling out the integrated Retail Banking model of the BNP Paribas group which has proved so successful in its domestic markets by providing local customers with the expertise for which the Group has a strong competitive position in the market (dynamic customer segmentation, cash management, trade finance, multi-channel distribution, specialised financing, wealth management etc.).

BANCWEST

In the United States, the retail banking business is conducted through Bank of the West and First Hawaiian Bank, subsidiaries of BancWest Corporation since 1998, wholly-owned by BNP Paribas since the end of June 2001. Until 2006, BancWest pursued a policy of acquisitions to develop its franchise in western America.

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

With a market share of more than 40% in deposits(1), First Hawaiian Bank is Hawaii's leading bank, offering banking services to a local clientele of private individuals and businesses.

In total, with 11,600 employees, close to 800 branches and corporate offices, total assets of over USD 78 billion at 31 December 2011, BancWest currently serves some 2.3 million clients. It ranks as the seventh-largest commercial bank in the western United States by deposits(1).

PERSONAL FINANCE

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

Within the BNP Paribas Group, BNP Paribas Personal Finance (PF) specialises in personal loans through its consumer credit and mortgage lending activities. With 30,000 employees in around 30 countries and on four continents, BNP Paribas Personal Finance ranks as the leading player in France and Europe(2).

BNP Paribas Personal Finance markets a comprehensive range of solutions available at the point of sale (stores, car dealerships), directly via its customer relations centres and over the internet. Since 2011, the Company has also offered savings and insurance services for clients in France.

Furthermore, BNP Paribas Personal Finance has made partnerships an area of specialisation in its own right underpinned by its expertise in providing all types of financing and services geared to the activities and commercial strategy of its partners. As a result, BNP Paribas Personal Finance has become a key partner for retail chains, service providers, banks and insurance companies.

Core commitment to responsible lending®

Primarily via its commercial brands Cetelem and Findomestic in Italy, BNP Paribas Personal Finance has made responsible lending the basis of its commercial strategy as a means of ensuring **lasting growth**. At each stage of the customer relationship, as well as during the process of granting a loan, responsible lending criteria are applied. These criteria are based on customer needs – which are central to this approach – and customer satisfaction, which is assessed regularly.

This approach – shared by all of PF – is implemented depending on the specific characteristics of each country. In addition, structural measures such as the design and distribution of accessible and responsible products and services, as well as the "Recoverability Charter", are rolled out and implemented in all countries.

France has the most comprehensive Personal Finance offering, including access to independent business mediation and, since 2004, monitoring of three responsible lending criteria that have been made public: refusal rate, repayment rate and risk rate.

Since 2007, BNP Paribas Personal Finance has supported the development of personal microfinance guaranteed by the Fonds de Cohésion Sociale. At the end of 2011, it had granted more than 253 micro-loans totalling EUR 507,127.

EQUIPMENT SOLUTIONS

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

Equipment Solutions consists of four international business lines organised around assets and specially customised leasing and rental solutions:

- Arval for cars and light commercial vehicles;
- Equipment & Logistics Solutions for rolling equipment: farming machinery, construction and public works equipment, commercial vehicles;
- Technology Solutions for technological assets, including office, hardware and software, and telecoms equipment;
- Bank Leasing Services for leasing products to BNP Paribas bank network customers.

(1) Source: SNL Financial, 30 June 2011.

(2) Source: Annual Reports of personal finance companies.

Equipment Solutions successfully capitalised on the economic recovery at the beginning of the year, launching numerous commercial initiatives. For the second year in a row, the business remains the European leader in equipment financing in terms of new business and remains committed to providing financing for the economy, with over 495,000 contracts signed[(1)].

In late December 2011, Arval posted an increase in its leased vehicle fleet of 3% compared with 2010, together with a rise in the number of vehicles purchased (210,648 vehicles, up 17% compared with 2010). At the same date, Arval had a total leased fleet of 686,946 vehicles. Arval is a major European player in full service vehicle leasing and no. 1 in Spain[(2)], France[(3)], Italy[(4)] and Poland[(5)] in terms of leased vehicles.

BNP Paribas Leasing Solutions arranged over 288,000 financing deals in 2011. Its total outstandings under management exceed EUR 20.9 billion[(6)].

INVESTMENT SOLUTIONS

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

Investment Solutions comprises 6 business lines, with complementary expertise:

- Asset Management–BNP Paribas Investment Partners (3,423 employees, 42 countries);
- Insurance–BNP Paribas Cardif (7,076 employees, 39 countries);
- Private Banking–BNP Paribas Wealth Management (6,103 employees, 30 countries);
- Online savings & brokerage–BNP Paribas Personal Investors (3,992 employees, 7 countries);
- Securities Services–BNP Paribas Securities Services (7,617 employees, 30 countries);
- Real Estate–BNP Paribas Real Estate (3,289 employees, 29 countries).

In total, Investment Solutions is present in 68 countries with around 31,000 employees.

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

In 2012, BNP Paribas Personal Investors will join Retail Banking's set of Domestic Markets.

BNP PARIBAS INVESTMENT PARTNERS

BNP Paribas Investment Partners (BNPP IP) is the asset management arm of the BNP Paribas group and is comprised of a network of 24 specialised companies worldwide.

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

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

With EUR 403 billion in assets under management and advisory and over 3,400 staff operating in 42 countries, BNPP IP offers a full range of investment management services to both institutional clients and distributors wherever they are located.

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

Based on assets under management, BNPP IP ranks no. 4 among the European asset managers[(7)].

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

(1) Source: Leaseurope 2010 league tables published in August 2011.

(2) Source: Asociación Española De Renting De Vehículos (AER), Spain, October 2011.

(3) Source: Syndicat National des Loueurs de Voitures Longue Durée, 1st quarter 2011.

(4) Source: FISE ANIASA (Federazione Imprese di Servizi - Associazione Nazionale Industria dell'Autonoleggio e Servizi Automobilistici), Italy, September 2011.

(5) Source: PZWLP February 2012.

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

(7) Source: IPE ranking June 2011, based on assets under management as at 31 December 2010.

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BNP PARIBAS CARDIF

BNP Paribas Cardif's role is to insure individuals, their families and their property.

It markets its savings and protection products and services via various partners.

By forging close relationships with its clients, BNP Paribas Cardif has developed unique expertise in insurance-based partnerships and an ability to adapt to each partner's specific needs in the markets of Europe, Asia and Latin America, where it holds strong positions.

BNP Paribas Cardif strives to meet the expectations of its clients by supporting each partner with its projects and each policyholder at every stage in their life.

As a global player in personal insurance, BNP Paribas Cardif has established itself as Europe's tenth-ranked insurer[(1)] and aims to become the global leader in insurance-based partnerships.

Three major distribution channels:

- BNP Paribas' retail banking networks in France, Italy, Luxembourg, Belgium, Turkey and Ukraine;
- banks, financial institutions and mass retailers;
- brokers, networks of independent financial advisers and the Internet.

WEALTH MANAGEMENT

BNP Paribas Wealth Management encompasses BNP Paribas' private banking activities. As part of an integrated approach to client relationships, Wealth Management provides its clients with security and an innovative product and service capability.

It delivers high value-added products and services designed to meet the needs of a sophisticated clientele. Its range of products and services includes:

- wealth management services, such as estate planning and holding structure optimisation;
- financial services such as advisory services in asset allocation, the selection of investment products and securities, discretionary portfolio management;
- expert advice in specific areas, such as art, real estate and philanthropy.

In an environment significantly affected by new regulations, the business is organised to meet the following objectives:

- support Wealth Management's development in countries where the Group has a retail banking network;
- grow Wealth Management's business in fast growing markets;
- gain or strengthen positions through close cooperation with Corporate & Investment Banking and through other partnerships;
- increase cross-functionality between geographies and support functions.

Clients draw on the expertise of the business line's support teams in financial planning and asset management, as well as diversification. BNP Paribas Wealth Management sources solutions for these services from the Group's other businesses (Investment Partners, Securities Services, Cardif, Corporate Finance, Fixed Income and Equity Derivatives), as well as from selected external product and service providers. To strengthen its ability to attract and advise the world's largest fortunes ("Key Clients"), BNP Paribas Wealth Management has also set up a dedicated team responsible for global coverage of this segment.

With EUR 244 billion in assets under management in 2011 and about 6,100 professionals in close to 30 countries, BNP Paribas Wealth Management ranks among the Top 3 global private banks and as the no. 2 European private bank by *Private Banker International* and as no. 7 worldwide and as no. 3 in Western Europe, according to the *Euromoney*[(2)] survey. In France with EUR 69 billion of assets under management, it was ranked no. 1[(3)].

BNP PARIBAS PERSONAL INVESTORS

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

- Cortal Consors, European leader[(4)] specialist in online savings and brokerage for individuals, provides personalised investment advice and online trading services via Internet, telephone and face to face to over one million clients in Germany, France and Spain. Its broad range of independent products and services includes short-term investment solutions, mutual funds and life insurance;
- B*capital, an investment company, offers direct access to a complete range of markets (equities, bonds, derivatives), providing financial analysis as well as customised advice and portfolio management. B*capital is the majority shareholder in stockbroker Portzamparc, specialised in small and mid-cap businesses;
- Geojit BNP Paribas is one of the leading retail brokers in India. It provides brokerage services for equities, derivatives and financial savings products by phone, online and via a network of around 530 branches throughout India. Geojit BNP Paribas also operates in the United Arab Emirates, Saudi Arabia, Oman, Bahrain and Kuwait, where it targets mainly non-resident Indian clientele.

In Luxembourg and Singapore, BNP Paribas Personal Investors provides products and services to an international and expatriate clientele.

Since June 2011, BNP Paribas Personal Investors manages TEB Investment activities in Turkey, which include brokerage services for corporate clients and individual investors via Internet and a network of 29 branches.

(1) Source: Study based on information published by competitors.

(2) Source: Euromoney 2012.

(3) Source: Décideurs Stratégie Finances Droit 2011 and Euromoney 2012.

(4) Source: BCG, December 2011.

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On 31 December 2011, BNP Paribas Personal Investors[(1)] had 1.4 million customers and EUR 32 billion in assets under management, of which 39% was invested in equity assets, 35% in savings products or mutual funds and 26% in cash. BNP Paribas Personal Investors employs over 4,000 staff.

BNP Paribas Personal Investors' goal is to strengthen its leadership position in Europe and in emerging markets that enjoy strong savings capacity and to further develop synergies within the BNP Paribas group.

BNP PARIBAS SECURITIES SERVICES

BNP Paribas Securities Services is one of the major global players in securities services[(2)]. During 2011, assets under custody declined by -2.7% compared with 2010 to stand at EUR 4,517 billion. Assets under administration grew by +7.4% to EUR 828 billion and the number of funds also rose by +11.3% to 7,044. The number of transactions settled rose by +4.4% to 49 million against a backdrop of very strong activity in the financial markets.

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

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

BNP PARIBAS REAL ESTATE

With 3,400 employees, BNP Paribas Real Estate ranks as continental Europe's no. 1 provider of real estate services to corporates[(3)] and as one of France's leading players in residential property[(4)].

Clients are the focus of its business strategy and its commercial organisation. Its clients comprise businesses, institutional investors, private individuals, property developers and public entities.

BNP Paribas Real Estate can meet the needs of its clients at every stage in a property's lifecycle. The business is able to draw on its full range of services:

- Property development – *no. 1 in commercial property and no. 6 in residential property in France*[(4)].
- Advisory (Transaction, Consulting, Valuation) – *no. 1 in France*[(5)] *and in Germany*[(6)].
- Property Management – *no. 2 in France*[(7)] *and no. 1 in Belgium*[(8)].
- Investment & Asset Management – *no. 1 in raising funds for non-trading property investment trusts (SCPIs)*[(9)].

This integrated offering is built around international business lines. It encompasses all types of property, such as offices, warehouses, logistics hubs, retail units, hotels, housing units, "Studélites" student serviced residences and "Hipark"-branded business tourist residences.

In residential real estate, BNP Paribas Real Estate's activities are chiefly conducted in France.

In commercial property, BNP Paribas Real Estate supports its clients in 30 countries:

- through a direct presence (15 countries):
  - in Europe: Germany, Belgium, Spain, France, Hungary, Ireland, Italy, Jersey, Luxembourg, Poland, Czech Republic, United Kingdom, Romania,
  - India and the Gulf countries;
- via alliances with local partners (15 countries).

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

(1) With Geojit included at a rate of 34%.

(2) Source: BNP Paribas Securities Services figures at 31 December 2011 for assets under custody; financial release of Top 10 competitors..

(3) Source: Property Week, June 2011.

(4) Source: Innovapresse property developer league tables, September 2011.

(5) Source: Euromoney, September 2011.

(6) Source: Immobilier Manager, September 2011.

(7) Source: Lettre M2.

(8) Source: Expertise, November 2011.

(9) Source: IEIF, March 2011.

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CORPORATE AND INVESTMENT BANKING

BNP Paribas Corporate & Investment Banking (CIB) employs nearly 20,000 people across more than 50 countries. BNP Paribas CIB provides its clients with financing, advisory and capital markets services. In 2011, BNP Paribas CIB contributed 23% of the BNP Paribas group's revenues and 37% of its pre-tax net income.

BNP Paribas CIB's clients, consisting of corporates, financial institutions and investment funds, are central to BNP Paribas CIB's strategy and business model. Staff's main aim is to develop and maintain long-term relationships with clients, to support them in their expansion or investment strategy and provide global solutions to meet their financing, advisory and risk management needs. In 2011, BNP Paribas CIB continued to strengthen its European leadership and to develop its international activities, consolidating its role as European partner of choice for many corporates and financial institutions worldwide.

Amid very tough market conditions as a result of tighter regulations, heightened concerns about the sovereign debt of certain European countries and an economic slowdown in developed countries, BNP Paribas CIB took measures during 2011 to adjust its business activities. To contend with this new environment, BNP Paribas CIB implemented a plan to reduce its asset base and its funding needs in US dollars, which will be completed by year-end 2012.

STRUCTURED FINANCE (SF)

Structured Finance (SF) operates at the crossroads of the lending and capital markets activities. It designs customised short- and medium-term financing solutions for a global clientele. With a presence in almost 40 countries and over 2,100 experts, SF offers a full range of financing solutions, from the origination, structuring and execution of structured debt through syndication. Structured Finance also includes CIB's cash management activities outside Europe.

SF has a major role in energy and commodities financing, asset financing (aircraft, shipping, real estate), export financing, leveraged financing, project financing, corporate acquisition financing, trade financing, cash management and loan syndication.

During 2011, SF completed a number of deals that helped to finance the economy. It helped to finance its clients' investment and expansion projects by providing customised, integrated solutions geared to their specific needs. Clients therefore benefit from a global offering combining product expertise with dedicated specialists. As part of the measures being taken by the Group to adapt to the new environment, SF made a significant contribution to the adaptation plan introduced by CIB to reduce its US dollar funding needs and its risk-weighted assets.

Once again, Structured Finance won a number of awards during the year reflecting the excellence of its teams and the quality of its service:

- No. 5 Globally in Cash Management (*Euromoney* 2011);
- Best Project Finance House in Western Europe (*Euromoney* 2011);
- Best Energy Finance Bank (*Trade Finance Magazine* 2011);
- Emerging EMEA Loan House (*IFR* 2011);
- No. 1 Mandated Lead Arranger (MLA) for Global Trade Finance Loans (excl. sole bank loans) for 2011 (*Dealogic*);
- No. 1 MLA (by number of deals) and no. 3 (by volume) in ECA-backed Trade Finance Loans for 2011 (*Dealogic*);
- No. 2 Global Financial Adviser (*Infrastructure Journal* 2011);
- No. 2 Global Renewables Financial Adviser (*Infrastructure Journal* 2011);
- No. 1 Bookrunner (*Dealogic*) and no. 1 Bookrunner and Mandated Lead Arranger (*Thomson Reuters*) in EMEA syndicated loans for 2011 by volume and number of deals;
- No. 1 Bookrunner in the EMEA Leveraged Loan market for 2011 by number of deals (*Dealogic*);
- No. 1 Best Arranger of Western European Loans, no. 2 Most Impressive Arranger of EMEA Loans and no. 2 Best Arranger of Corporate Loans (*EuroWeek Syndicated Loans Awards* 2011).

CORPORATE AND TRANSACTION BANKING EUROPE

Corporate and Transaction Banking Europe (CTBE), created in February 2010, is the cornerstone of BNP Paribas' strategy of becoming "THE bank for corporates in Europe". CTBE provides its corporate clients with both day-to-day corporate banking services in liaison with the Global Cash Management, Global Trade Solutions and Global Factoring competence centres, and a full range of investment banking services from CIB's other business lines.

CTBE targets a local clientele of large and mid caps and the local subsidiaries of BNP Paribas' customers from all regions. Clients are served equally whether they come from CIB, a domestic retail market or another retail banking entity.

With its corporate banking focus, CTBE offers financing, cash management and trade solutions to all its clients. It works hand in hand with BNP Paribas Factor, BNP Paribas Leasing Solutions and Arval to distribute a range of leasing and factoring solutions. It also cooperates with the other CIB business lines to offer their products and services to its clients, and particularly the Fixed Income business line for simple interest rate and exchange rate hedging solutions.

CTBE operates in 16 countries (Germany, Austria, Bulgaria, Denmark, Spain, Hungary, Ireland, Norway, The Netherlands, Portugal, Czech Republic, Romania, United Kingdom, Russia, Sweden and Switzerland) and has 30 business centres. A team of some 200 relationship managers, 40 Cash Management specialists and 25 Trade Solutions specialists serve 8,000 clients.

CORPORATE FINANCE

Corporate Finance offers advisory services for mergers and acquisitions, primary equity capital market transactions and restructuring. The M&A teams advise both buyers and targets and also offer advice on other strategic financial issues, such as privatisations. Primary capital market services include flotations, equity issues, secondary issue placements, and convertible/exchangeable bond issues. It employs around 400 professionals in a global network based on two main platforms, one in Europe and one in Asia, and a growing presence in the Middle East, Africa and the Americas.

In M&A, BNP Paribas consolidated its Top 10 ranking in Europe. It ranked as the no. 9 in Europe *(Thomson Reuters, completed deals)*, no. 1 in France *(Thomson Reuters and Dealogic, announced and completed deals)*, no. 3 in Italy *(Dealogic announced deals)* and no. 4 in Spain *(Thomson Reuters, announced deals)* at 31 December 2011.

In addition, BNP Paribas won the following awards:

- "M&A Deal of the Year in Europe" from *The Banker* for the combination between GDF Suez Energy International and International Power;
- "Best M&A House in France" awarded by *Euromoney*;
- "Financial Advisor for France" awarded by *FT Mergermarket*.

In the North Africa/Middle East region, BNP Paribas CIB ranks no. 1 *(Thomson Reuters, announced deals)* and received the "M&A Deal of the Year in Africa" award from *The Banker* for the sale of Zain's African business activities to Bharti Airtel.

In the primary equity market, BNP Paribas consolidated on its leadership in the Europe/Middle East/Africa region by ranking as the no. 2 bookrunner of EMEA equity-linked deals according to *Dealogic* at 31 December 2011. BNP Paribas also ranks as the no. 5 bookrunner for initial public offerings (IPOs) (*Thomson Reuters*). In addition, BNP Paribas won the prestigious "EMEA Structured Equity House of the Year" award from *IFR* for the second year in a row in December 2011.

In Asia, the USD 1.2 billion IPO of Sun Art Retail Group in Hong Kong, on which BNP Paribas acted as bookrunner, received the following two awards:

- "Best Equity Deal", "Best IPO" awarded by *FinanceAsia*;
- "Best IPO" awarded by *Asiamoney*.

GLOBAL EQUITIES & COMMODITY DERIVATIVES

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

GECD is organised into three segments:

Structured Equity provides structured solutions for a broad clientele including retail customers, corporate clients, banking networks, insurance companies and pension funds. It provides its clients with customised or exchange-traded structured products to meet their capital protection, yield and diversification requirements.

Flow and Financing caters to the needs of institutional investors and hedge funds. It delivers appropriate and innovative investment and hedging strategies in equity markets across the globe and provides access to financing solutions through its Prime Brokerage unit, stock lending and borrowing and synthetic financing. Flow and Financing also provides its clients with a rapidly developing integrated equity brokerage platform combining numerous research, sales, trading and execution service capabilities.

Commodity Derivatives provides a range of risk hedging solutions to corporate clients whose business is highly correlated with commodity prices (producers, refineries and transport companies, for example). It also provides investors with access to commodities through various investment strategies and structured solutions.

2011 awards

GECD's expertise and know-how was recognised in 2011 by the following awards:

- Structured Products House of the Year (*Risk Magazine* 2011);
- House of the Year (*Structured Products Europe Awards* 2011);
- House of the Year (*Structured Products Americas Awards* 2011);
- Derivatives House of the Year (*The Asset Triple A Investment Awards* 2011);
- Derivatives House of the Year (*Energy Risk Magazine* 2011);
- Precious Metals House of the Year (*Energy Risk Magazine* 2011);
- Energy Brokerage House of the Year, Asia (*Energy Risk Magazine* 2011);
- Commodities House of the Year (*Commodity Business Awards* 2011);
- Excellence in Commodity Risk Exposure Mitigation (*Commodity Business Awards* 2011);
- Excellence in Commodity Finance & Structured Products (*Commodity Business Awards* 2011);
- Best Equity Derivatives Provider, Asia (*Global Finance Magazine* 2011).

FIXED INCOME

BNP Paribas CIB's Fixed Income team, which is active in interest-rate, currency and credit products, is a major provider of global solutions in these areas. With headquarters in London, seven other trading floors in Paris, Brussels, New York, São Paulo, Hong Kong, Singapore and Tokyo, and additional regional offices throughout Europe, the Americas, the Middle East and Asia-Pacific, the business has almost 2,400 staff globally.

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

Teams of dedicated experts in each region help to finance the economy by meeting client needs through financing solutions such as bond issues. Fixed Income also offers its institutional client base new investment opportunities and solutions to manage various types of risk, such as interest rate, inflation, foreign exchange and credit risk. In 2011, Fixed Income added real value for its clients, as illustrated by its rankings in the official league tables and awards won:

2011 rankings

- No. 1 bookrunner for euro bond issues, no. 4 bookrunner for international bond issues in all currencies (*Thomson Reuters Bookrunner Rankings* 2011);
- No. 4 in euro inflation products and no. 4 in all interest rate products all currencies combined (*Total Derivatives/Euromoney Interest Rate Derivatives Survey* 2011);
- No. 2 in credit derivatives – indices and tranches, Europe (*Risk Institutional Investor Survey* 2011);
- No. 2 in forex services for financial institutions (*Asiamoney FX Poll* 2011);
- No. 1 in credit research in the banking sector; no. 2 in the consumer products sectors and no. 5 in trading ideas (*Euromoney Fixed Income Research Poll* 2011);
- No. 2 in credit derivatives overall (*AsiaRisk Interdealer Rankings*, 2011).

2011 awards

- Structured Products House of the Year (*Risk Magazine* 2012);
- Structured Products House of the Year (*Structured Products Europe* 2011);
- Structured Products House of the Year (*Structured Products Americas* 2011);
- Interest Rates House of the Year (*Structured Products Europe* 2012);
- Best Issuer for Covered Bonds, Best Bank for Structuring (*The Cover/EuroWeek Covered Bond Awards* 2011);
- Best Corporate Bond House, Best Bank for Corporate Secondary Markets, Best Bank for Corporate Liability Management (*EuroWeek Awards* 2011);
- Most Innovative for Interest Rate Derivatives (*The Banker* 2011);
- Derivatives House of the Year in Asia-Pacific, Best Credit Derivatives House, Best Derivatives House Korea (*The Asset Triple A Investment Awards* 2011);
- Credit Derivatives House of the Year (*Asia Risk Magazine* 2011);
- Covered Bond House (*IFR* 2011).

BNP PARIBAS "PRINCIPAL INVESTMENTS"

BNP Paribas Principal Investments manages the Group's portfolio of listed and unlisted investments and emerging market sovereign debt.

LISTED INVESTMENT MANAGEMENT

The Listed Investment Management unit acquires and manages minority interests in listed companies on behalf of the Group. Investments are generally made in large caps and the portfolio comprises mostly French companies. The unit's mission is to extract the greatest possible value from its assets over the medium term.

UNLISTED INVESTMENT MANAGEMENT

The Unlisted Investment Management unit manages the Group's portfolio of interests in unlisted companies (direct and indirect through funds). It identifies and analyses investment opportunities, structures transactions, manages investments with a view to extracting value in the medium term and organises the disposal of mature investments.

EMERGING MARKET SOVEREIGN DEBT MANAGEMENT

The Sovereign Debt Management unit's role is to:

- monitor, on the Group's behalf, restructurings of emerging market sovereign debt in default or of countries facing difficulties and take part in or chair specially-created credit committees (London Club Committees);
- manage the portfolio of emerging market sovereign debt housed in Principal Investments with a view to extracting value in the medium term.

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KLÉPIERRE

With a presence in 13 countries, including France, Belgium, Norway, Sweden, Denmark, Italy and Spain, Klépierre is one of the largest shopping centre owners and managers in continental Europe with 335 centres under management (representing more than 16,000 leases), including 271 owned centres. Via its Ségécé and Steen & Strøm subsidiaries, the Group possesses expertise and over 50 years' experience of shopping centre management and development.

Klépierre is able to provide a unique platform catering to the expansion strategies of major international retailers right across Europe.

Klépierre also offers sale & lease back solutions in out-of-town and city-centre locations in France through its subsidiary Klémurs.

Furthermore, Klépierre owns and manages a portfolio of office buildings concentrated in the main business districts of Paris and its inner rim (3.4% of the portfolio at 31 December 2011).

At 31 December 2011, Klépierre's portfolio was valued at EUR 16,176 million (excluding transfer duties) and the Company employed 1,500 people.

Klépierre and Klémurs are SIICs (French REITs) listed in compartment A and compartment C respectively of Euronext Paris™.

The Klépierre group in Europe(1):

- Present in **13** countries;
- **1,500** employees;
- EUR **16.2** billion portfolio value (excluding transfer duties);
- **271** shopping centres owned;
- **335** shopping centres managed.

1.5 BNP Paribas and its shareholders

SHARE CAPITAL

At 31 December 2010, BNP Paribas' share capital stood at EUR 2,396,307,068 divided into 1,198,153,534 shares. Details of the historical evolution of the capital are provided in the "Changes in share capital and earnings per share" section.

In 2011, two series of transactions led to changes in the number of shares outstanding:

- 3,270,711 shares were issued through the exercise of stock options;
- 6,315,653 shares were issued under an employee share offering.

Thus, at 31 December 2011, BNP Paribas' share capital stood at EUR 2,415,479,796 divided into 1,207,739,898 shares with a par value of EUR 2 each(2).

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

(1) Figures at 31 December 2011.

(2) Since the end of the financial year, 6,088 shares have been created following the exercise of options. As a result, at 17 January 2012, BNP Paribas' share capital stood at EUR 2,415,491,972 divided into 1,207,745,986 shares with a par value of EUR 2 each.

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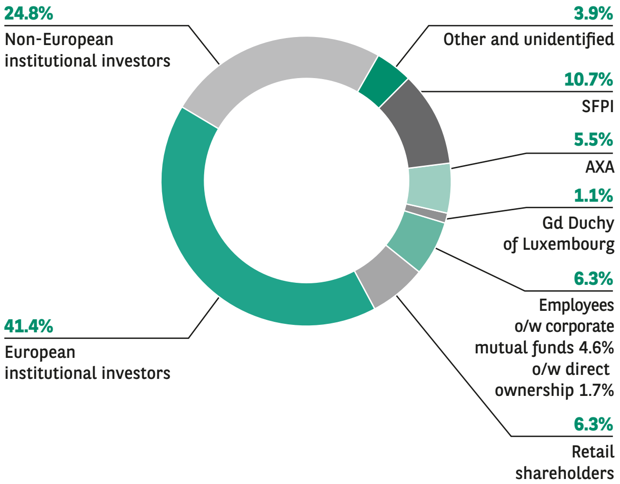
CHANGES IN SHARE OWNERSHIP

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

Date	31/12/2009			31/12/2010			31/12/2011		
Shareholder	Number of shares (in millions)	% of share capital	% of voting rights	Number of shares (in millions)	% of share capital	% of voting rights	Number of shares (in millions)	% of share capital	% of voting rights
SFPI(*)	127.75	10.8%	10.8%	127.75	10.7%	10.7%	127.75	10.6%	10.7%
AXA	61.63	5.2%	5.2%	61.65	5.1%	5.2%	65.67	5.4%	5.5%
Grand Duchy of Luxembourg	12.87	1.1%	1.1%	12.87	1.1%	1.1%	12.87	1.1%	1.1%
Employees	67.69	5.7%	5.8%	69.63	5.8%	5.8%	74.60	6.2%	6.3%
- o/w corporate mutual funds	49.43	4.2%	4.2%	50.84	4.2%	4.2%	54.80	4.5%	4.6%
- o/w direct ownership	18.26	1.5%	1.6%	18.79	1.6%	1.6%	19.80	1.7%	1.7%
Corporate officers	0.48	nm	nm	0.47	nm	nm	0.58	nm	nm
Treasury shares(**)	3.66	0.3%	-	2.99	0.3%	-	16.48	1.4%	-
Retail shareholders	63.63	5.4%	5.4%	66.00	5.5%	5.5%	75.00	6.2%	6.3%
Institutional investors	780.17	65.9%	66.1%	849.37	70.9%	71.1%	788.71	65.3%	66.2%
(o/w "Socially Responsible Investors")	(6.00)	(0.5%)	(0.5%)	(4.36)	(0.4%)	(0.4%)	(5.91)	(0.5%)	(0.5%)
- Europe	486.61	41.1%	41.2%	523.08	43.7%	43.8%	493.63	40.9%	41.4%
- Outside Europe	293.56	24.8%	24.9%	326.29	27.2%	27.3%	295.08	24.4%	24.8%
Other and unidentified	66.27	5.6%	5.6%	7.42	0.6%	0.6%	46.08	3.8%	3.9%
TOTAL	**1,184.15**	**100%**	**100%**	**1,198.15**	**100%**	**100%**	**1,207.74**	**100%**	**100%**

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

➤ BNP PARIBAS OWNERSHIP STRUCTURE AS AT 31 DECEMBER 2011 (VOTING RIGHTS)



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

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

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

  At the same time, BNP Paribas notified the AMF (AMF disclosure no. 209C0724) that an agreement had been reached between the Belgian government, SFPI and Fortis SA/NV (renamed Ageas SA/NV on 29 April 2010), giving Fortis SA/NV an option to buy the 121,218,054 BNP Paribas shares issued as consideration for SFPI's transfer of its shares in Fortis Bank, with BNP Paribas having a right of subrogation regarding the shares concerned;

- on 4 December 2009 (AMF disclosure no. 209C1459), SFPI disclosed that it owned 10.8% of BNP Paribas' capital and voting rights. This change mainly resulted from:
  - BNP Paribas' issue of ordinary shares in 2009,
  - and the reduction in its capital through the cancellation, on 26 November, of non-voting shares issued on 31 March 2009 to Société de Prise de Participation de l'État.

BNP Paribas received no disclosures from SFPI in 2010 or 2011.

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

LISTING INFORMATION

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

BNP shares were first listed on the Cash Settlement Market of the Paris Stock Exchange on 18 October 1993, following privatisation, before being transferred to the Monthly Settlement Market on 25 October of that year. When the monthly settlement system was discontinued on 25 September 2000, BNP Paribas shares became eligible for Euronext's Deferred Settlement Service (SRD). The shares are also traded on SEAQ International in London and on the Frankfurt Stock Exchange. Since 24 July 2006 they have been traded on the MTA International exchange in Milan. Since privatisation, a Level 1 144A ADR programme has been active in the USA, where JP Morgan Chase is the depositary bank (2 ADRs correspond to 1 BNP Paribas share). The ADRs have been traded on OTCQX International Premier since 14 July 2010 in order to provide better liquidity and clarity for US investors.

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

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

➤ SHARE PERFORMANCE BETWEEN 31 DECEMBER 2008 AND 31 DECEMBER 2011

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

Source: Datastream

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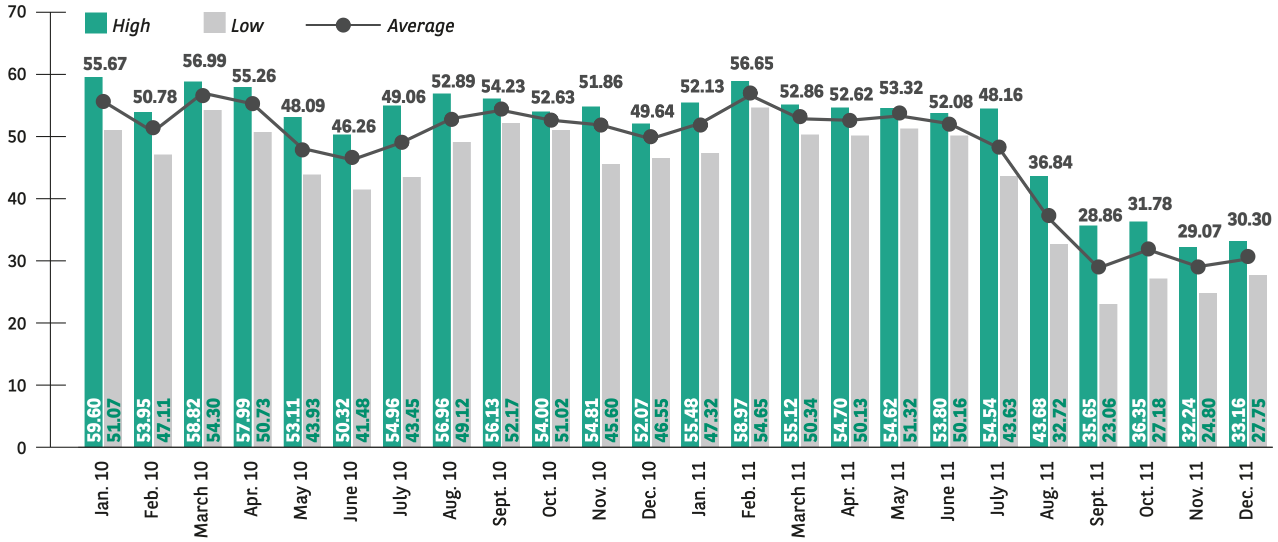
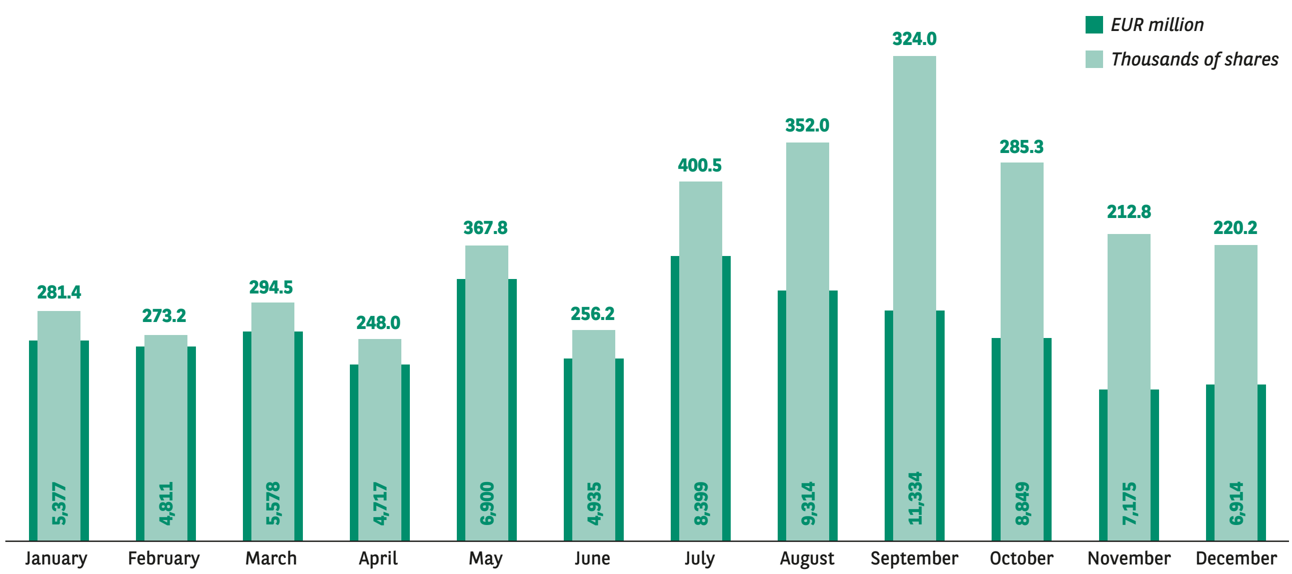
AVERAGE MONTHLY SHARE PRICES AND MONTHLY HIGHS AND LOWS SINCE JANUARY 2010



- Between 31 December 2008 and 31 December 2011, *the share price rose by 3.23% against a 1.81% decline for the CAC 40, but a 32.06% fall for the DJ Euro STOXX Banks index* (index of banking stocks in the eurozone) and *a 12.29% drop for the DJ STOXX Banks index* (index of banking stocks in Europe).

  In 2011, the BNP Paribas share price fell by 36.25%, closing at EUR 30.35 on 30 December 2011. This performance was worse than that of the CAC 40 index (-16.95%), but similar to that of the DJ STOXX Banks (-32.48%) and DJ Euro STOXX Banks (-37.63%) indexes. From early summer, bank share prices were affected by increased concern about the debts of some eurozone countries and the likely economic slowdown.
- At 31 December 2011, *BNP Paribas' market capitalisation was EUR 36.7 billion*, ranking it sixth among CAC 40 stocks (fifth at end-2010). In terms of free float, BNP Paribas ranks third among the CAC 40 stocks (unchanged since 2010). BNP Paribas had the 15th-largest free float in the DJ Euro STOXX 50 index at end-2011, down from eighth place a year before.
- *Daily trading volume* on Euronext Paris averaged 7,066,999 shares in 2011, up 37.48% from 5,140,273 a year earlier.
- Including volumes traded on MTFs (Multilateral Trading Facilities), daily trading volume averaged 10,403,586 in 2011 (source: TAG Audit), an increase of 43.32% relative to the 2010 figure of 7,258,788.

TRADING VOLUME ON EURONEXT PARIS IN 2011 (DAILY AVERAGE)



Source: NYSE-Euronext Paris

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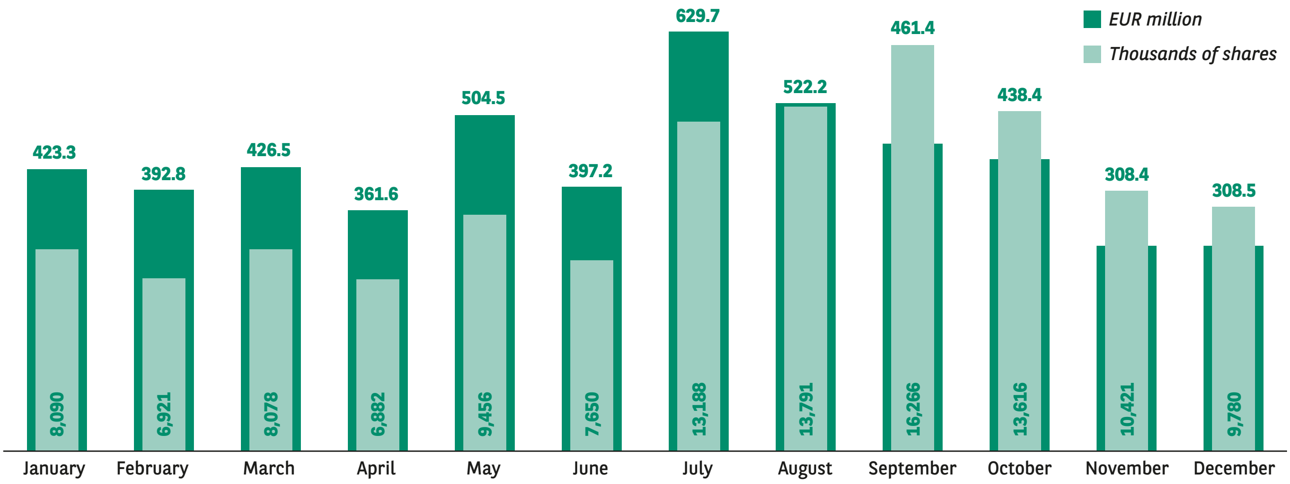
TRADING VOLUME IN 2011 (DAILY AVERAGE)



KEY SHAREHOLDER DATA

In euros	2007	2008	2009	2010	2011
Earnings per share(1) (*)	8.25	2.99	5.20	6.33	4.82
Net assets per share(2) (*)	47.40	47.31	50.93	55.48	58.25
Net dividend per share(*)	3.26	0.97	1.50	2.10	1.20(3)
Payout rate (%)(4)	39.8	33.0	32.3	33.4	25.1(3)
Share price					
High(5) (*)	92.40	73.29	58.58	60.38	59.93
Low(5)(*)	65.64	27.70	20.08	40.81	22.72
Year-end(*)	72.13	29.40	55.90	47.61	30.35
CAC 40 index on 31 December	5,614.08	3,217.97	3,936.33	3,804.78	3,159.81

(1) Based on the average number of shares outstanding during the year.
(2) Before dividends. Net carrying value based on the number of shares outstanding at year-end.
(3) Subject to approval at the Annual General Meeting of 23 May 2012.
(4) Dividend recommended at the Annual General Meeting expressed as a percentage of earnings per share.
(5) Registered during trading.
(*) Data in the above table have been adjusted to reflect the share issue with preferential subscription rights between 30 September and 13 October 2009 (adjustment coefficient=0.971895).

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CREATING VALUE FOR SHAREHOLDERS

TOTAL SHAREHOLDER RETURN (TSR)

Calculation parameters

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

Calculation results

The following table indicates, for various periods ending on 31 December 2011, the total return on a BNP share, then a BNP Paribas share, as well as the effective annual rate of return.

Holding period	Investment date	Share price at the investment date *(in euros)*	Number of shares at end of calculation period (31/12/2011)	Initial investment multiplied by	Effective annual rate of return
Since privatisation	18/10/1993	36.59	4.02	x3.33	+6.83%
18 years	03/01/1994	43.31	3.66	x2.57	+5.37%
17 years	03/01/1995	37.20	3.59	x2.93	+6.53%
16 years	02/01/1996	33.57	3.52	x3.18	+7.50%
15 years	02/01/1997	30.40	3.42	x3.41	+8.52%
14 years	02/01/1998	48.86	3.31	x2.06	+5.28%
13 years	04/01/1999	73.05	3.24	x1.35	+2.32%
Since inception of BNP Paribas	01/09/1999	72.70	3.15	x1.32	+2.25%
12 years	03/01/2000	92.00	3.15	x1.04	+0.33%
11 years	02/01/2001	94.50	3.07	x0.99	-0.14%
10 years	02/01/2002	100.40	2.97	x0.90	-1.08%
9 years	02/01/2003	39.41	1.44	x1.11	+1.13%
8 years	02/01/2004	49.70	1.38	x0.84	-2.10%
7 years	03/01/2005	53.40	1.32	x0.75	-3.98%
6 years	02/01/2006	68.45	1.28	x0.57	-9.04%
5 years	02/01/2007	83.50	1.22	x0.45	-14.96%
4 years	02/01/2008	74.06	1.18	x0.49	-16.57%
3 years	02/01/2009	30.50	1.13	x1.12	+3.86%
2 years	02/01/2010	56.11	1.07	x0.58	-23.94%
1 year	03/01/2011	48.30	1.04	x0.65	-34.89%

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

FIVE-YEAR COMPARISON OF AN INVESTMENT IN BNP PARIBAS SHARES AT AN OPENING PRICE OF EUR 83.50 ON 2 JANUARY 2007 WITH THE "LIVRET A" PASSBOOK SAVINGS ACCOUNT AND MEDIUM-TERM GOVERNMENT BONDS.

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

Total shareholder return on an investment in BNP Paribas shares

Initial investment = 1 share at the opening price on 2 January 2007 = EUR 83.50.

Dividends reinvested.

Preferential subscription rights exercised in the October 2009 rights issue.

Value at 31 December 2011: 1.2240 shares at EUR 30.35, i.e. EUR 37.15.

Effective rate of return: -14.96% per year

1

Investment of EUR 83.50 on 1 January 2007 in a "Livret A" passbook account:

The interest rate on the investment date was 2.75%. The rate was increased to 3.00% on 1 August 2007. The interest rate was increased twice more in 2008, to 3.50% on 1 February and to 4.00% on 1 August. In 2009, the rate was gradually reduced to 2.50% on 1 February, 1.75% on 1 May and 1.25% on 1 August. It was increased to 1.75% on 1 August 2010, to 2% on 1 February 2011 and to 2.25% on 1 August 2011. At 31 December 2011, this investment was worth EUR **93.96**, an increase of EUR 10.46 euros (+12.5%).

Investment of EUR 83.50 on 1 January 2007 in five-year French government bonds:

The five-year BTAN yield on 1 January 2007 was 3.92066%. At the end of each subsequent year, interest income is reinvested in a similar note on the following terms:

- 4.2239% (BTAN) in January 2008 for 4 years;
- 2.0675% (BTAN) in January 2009 for 3 years;
- 1.198% (BTAN) in January 2010 for 2 years;
- 1.507% in January 2011 for 1 year (Euribor).

At the end of five years, the accrued value of the investment is EUR **100.77**, an increase of EUR 17.27 (+20.7%).

COMMUNICATION WITH SHAREHOLDERS

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

The Investor Relations team informs institutional investors and financial analysts of the Group's strategies, major events concerning the Group's business and, of course, the Group's quarterly results. In 2012, the timetable was as follows[1]:

- 15 February 2012: publication of 2011 results;
- 4 May 2012: first quarter 2012 figures;
- 2 August 2012: publication of 2012 half-year results;
- 7 November 2012: results for the third quarter and first nine months of 2012.

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

The Individual Shareholder Relations Department provides information and deals with queries from the Group's 640,000 or so individual shareholders (source: 30 December 2011 TPI Survey), an increase of almost 10% relative to the end-2010 figure of 585,000. A half-yearly financial newsletter informs both members of the "**Cercle BNP Paribas**" and other shareholders of Group developments, and a summary of the matters discussed during the Annual General Meeting is sent out in early July. During the year, senior management presents the Group's achievements and strategy to individual shareholders at meetings organised in various French cities and towns. For example, in 2011, meetings were held in Nantes on 7 June, Lille on 23 June and Strasbourg on 28 September. BNP Paribas representatives also met and spoke with over 1,000 people at the ACTIONARIA shareholder fair held in Paris on 18 and 19 November 2011.

BNP Paribas Shareholders' Guide

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

In 1995, the "**Cercle BNP Paribas**" was set up for individual shareholders holding at least 200 shares. The Cercle currently has 76,500 shareholder members. Every year, alternating with three financial newsletters, three issues of "**La Vie du Cercle**" are sent to shareholders. This is a publication inviting them to take part in artistic, sporting and cultural events with which BNP Paribas is associated, as well as training sessions. These include seminars on trading in equities (technical analysis, financial research, placing orders etc.), private asset management and warrants. Economic update sessions are also organised by the relevant BNP Paribas teams. The Bank regularly organises scientific conferences and visits to industrial sites. These events are held in Paris and the provinces, on weekdays and at the weekend, to enable as many people as possible to attend. To illustrate the variety on offer, 353 events were organised for more than 15,000 participants in 2011. Shareholders can obtain information about these services by dialling a special French **toll-free number: 0800 666 777.** A telephone news service can also be accessed through the same number, offering a wide range of information to BNP Paribas shareholders, such as the share price, shareholders' events, news and interviews. There is also a Cercle des Actionnaires website (cercle-actionnaires.bnpparibas.com), which features all offers and services available, including those available through the Cercle membership card.

(1) Subject to alteration.

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

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

SHAREHOLDER LIAISON COMMITTEE

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

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

At 31 December 2011, the members of the Liaison Committee were as follows:

- Baudouin Prot, Chairman;
- Franck Deleau, resident of the Lot department;
- Nicolas Derely, resident of the Paris area;
- Jean-Louis Dervin, residing in Caen;
- Jacques de Juvigny, resident of the Alsace region;
- André Laplanche, residing in Cavaillon;
- Jean-Marie Laurent, resident of the Oise department;
- Dyna Peter-Ott, residing in Strasbourg;
- Jean-Luc Robaux, residing in Nancy;
- Chantal Thiebaut, resident of the Meurthe-et-Moselle department;
- Thierry de Vignet, resident of the Dordogne department;
- Odile Uzan-Fernandes, BNP Paribas employee;
- Bernard Coupez, Honorary Chairman of the Organisation of shareholder employees, pensioners and former employees of the BNP Paribas group.

In accordance with the committee's Charter – i.e. the Internal Rules that all committee members have adopted – the committee met twice in 2011, on 18 March and on 30 September, in addition to taking part in the Annual General Meeting and attending the ACTIONARIA shareholder fair. The main topics of discussion included:

- BNP Paribas' ownership structure and changes therein, particularly among individual shareholders;
- the periodical publications which provide information on the Group's achievements and strategy;
- proposals submitted to "Cercle des Actionnaires" members;
- the draft 2010 Registration document and Annual Report;
- quarterly results presentations;
- initiatives taken in preparation for the Annual General Meeting;
- the Bank's participation in the ACTIONARIA shareholder fair. At this event, several Liaison Committee members explained the role played by the committee to people who visited the Group's stand.

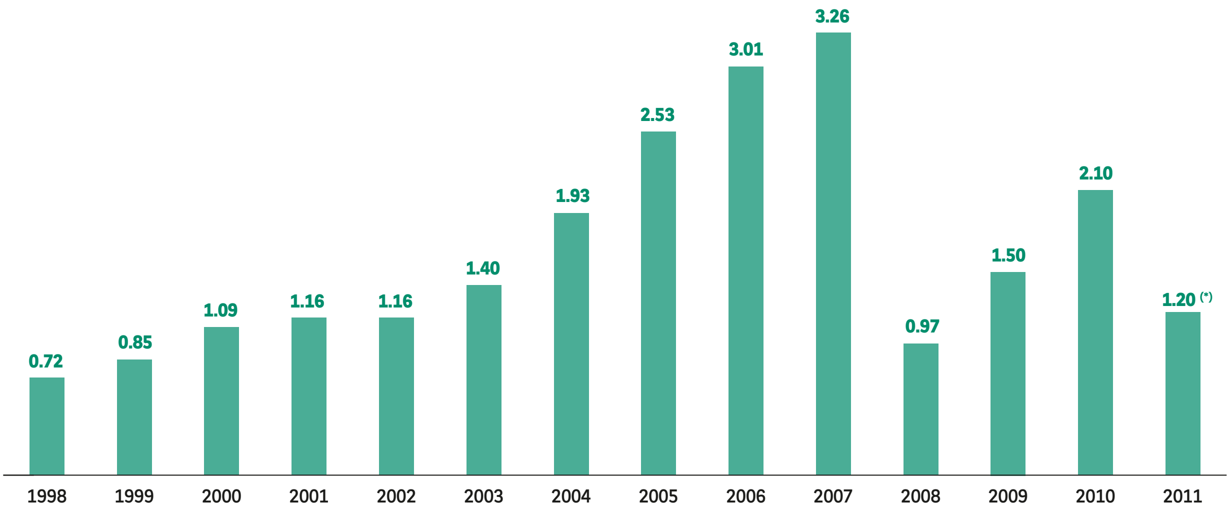
1

DIVIDEND

At the 23 May 2012 Annual General Meeting, the Board of Directors will recommend a dividend of EUR 1.20 per share, a decrease of 43% relative to 2011. The shares will go ex-dividend on 30 May and the dividend will be paid on 26 June 2012, subject to approval at the Annual General Meeting.

The total amount of the proposed payout is EUR 1,449 million, compared with EUR 2,517 million in 2011, representing a decrease of 42.4%. The proposed payout rate is 25.1%[(1)].

DIVIDEND EVOLUTION (EURO PER SHARE)



(*) Subject to the approval from the Annual General Meeting of 23 May 2012.

Dividends for 1998-2008 have been adjusted to reflect:

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

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

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

(1) Dividend recommended at the 23 May 2012 Annual General Meeting expressed as a percentage of net income Group share.

1

BNP PARIBAS REGISTERED SHARES

At 31 December 2011, 40,956 shareholders held BNP Paribas registered shares.

REGISTERED SHARES HELD DIRECTLY WITH BNP PARIBAS

Shareholders who hold registered shares directly with BNP Paribas:

- automatically receive all documents regarding the Bank which are sent to shareholders;
- can call a **French toll-free number (0800 600 700)** to place buy and sell orders1 and to obtain any information;
- benefit from special, discounted brokerage fees;
- have access to "PlanetShares" (https://planetshares.bnpparibas.com), a fully secure dedicated web server, allowing them to view registered share accounts and account movements, as well as place and track orders[(1)];
- are automatically invited to Annual General Meetings without the need for an ownership certificate;
- may receive notice of meetings by Internet;
- and, of course, pay no custody fees.

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

REGISTERED SHARES HELD IN AN ADMINISTERED ACCOUNT

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

- shares can be sold at any time, through the shareholder's usual broker;
- the shareholder can have a single share account, backed by a cash account;
- the shareholder is automatically invited to attend and vote at Annual General Meetings, without the invitation being sent through a third party;
- shareholders may receive notice of meetings and vote at Annual General Meetings online.

ANNUAL GENERAL MEETING

The last Annual General Meeting took place on 11 May 2011. The text of the resolutions and the video of the meeting can be viewed on the BNP Paribas website, which is where the original live webcast was shown. The composition of the quorum and the results of the votes cast on resolutions were posted online the day after the meeting. The meeting was also covered by publications in the specialist press and a specific letter was sent to shareholders summarising the meeting.

The quorum broke down as follows:

➤ BREAKDOWN OF QUORUM

	Number of shareholders	(%)	Number of shares	(%)
Present	1,863	*14.41%*	272,227,309	*35.62%*
Proxy given to spouse or another shareholder	14	*0.11%*	4,155	*0.00%*
Proxy given to Chairman	7,125	*55.12%*	32,161,526	*4.21%*
Postal votes	3,925	*30.36%*	459,855,112	*60.17%*
TOTAL	**12,927**	***100%***	**764,248,102**	***100%***
Of which online	**481**	*3.72%*	**672,644**	*0.09%*

		Quorum
Number of ordinary shares (excluding treasury stock)	**1,198,926,926**	**63.74%**

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

1

All resolutions proposed to the shareholders were approved.

RESULTS	RATE OF APPROVAL *(%)*
ORDINARY MEETING	
Resolution 1: *Approval of the parent-company balance sheet at 31 December 2010 and the parent-company profit and loss account for the year then ended*	99.73%
Resolution 2: *Approval of the consolidated balance sheet at 31 December 2010 and the consolidated profit and loss account for the year then ended*	99.73%
Resolution 3: *Appropriation of net income and dividend distribution*	99.73%
Resolution 4: *Agreements and commitments governed by article L.225-38 et seq. of the Code de Commerce*	89.93%
Resolution 5: *Share buybacks*	99.05%
Resolution 6: *Renewal of the term of office of Jean-François Lepetit as a Director*	97.43%
Resolution 7: *Renewal of the term of office of Hélène Ploix as a Director*	99.25%
Resolution 8: *Renewal of the term of office of Baudouin Prot as a Director*	98.13%
Resolution 9: *Renewal of the term of office of Daniela Weber-Rey as a Director*	99.45%
Resolution 10: *Appointment of Fields Wicker-Miurin as a Director*	99.25%
EXTRAORDINARY MEETING	
Resolution 11: *Approval of the merger/takeover of Banque de Bretagne by BNP Paribas*	99.84%
Resolution 12: *Approval of the simplified cross-border merger between BNP Paribas International BV and BNP Paribas*	99.84%
Resolution 13: *Approval of the merger/takeover of Cerenicim by BNP Paribas*	99.83%
Resolution 14: *Approval of the merger/takeover of SAS Noria by BNP Paribas*	99.84%
Resolution 15: *Awards of performance-related shares to Group employees and corporate officers*	91.25%
Resolution 16: *Stock options*	91.58%
Resolution 17: *Capital reduction by cancellation of shares*	98.61%
Resolution 18: *Powers to carry out formalities*	99.87%

The 2011 Annual General Meeting was an additional opportunity for BNP Paribas to demonstrate its commitment to sustainable development, and to social and environmental responsibility. BNP Paribas seeks to create value consistently, to show its quality and its respect not only for "traditional" partners comprising shareholders, clients and employees, but also for the environment and community at large. The Group considered it appropriate that these principles and values be reflected in its Annual General Meetings. As a result, a decision was taken, in conjunction with the Shareholder Liaison Committee, to donate EUR 12 for every investor attending the meeting to the "Coup de pouce aux projets du personnel" (a helping hand for employee projects) programme. The programme was specifically developed by the BNP Paribas Foundation to encourage public-interest initiatives for which Bank staff personally volunteer their time and efforts. The sums collected (EUR 22,356 in 2011) are donated in addition to the funds that the Bank already grants to this programme via the BNP Paribas Foundation, which operates under the aegis of the Fondation de France. Total 2011 contributions were ultimately divided between 57 projects out of 77 projects submitted, all of which were initiated by BNP Paribas staff. Of those 57 projects, most were in Europe (36, including 34 in France), while 15 were in Africa, 5 in Asia and 1 in South America. The sums awarded varied from EUR 1,000 to EUR 4,000 according to the scale of the project, its nature and the commitment of employees. The projects relate mainly to education, humanitarian aid, healthcare, disabilities, and help for poor and socially excluded people.

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

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

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

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

The combined Ordinary and Extraordinary General Meeting may be called in a single notice of meeting and held on the same date. BNP Paribas will hold its next combined Ordinary and Extraordinary General Meeting on 23 May 2012(1)

NOTICE OF MEETINGS

For combined Ordinary and Extraordinary General Meetings:

- holders of registered shares are notified by post; the convening notice contains the agenda, the draft resolutions and a postal voting form. Notice of meeting was sent via the internet for the first time in 2011, once the Group had obtained the agreement of certain of

(1) *Subject to alteration.*

its shareholders, as required by law: almost 9% of them took up this new option;

- holders of bearer shares are notified via announcements in the press, particularly investor and financial journals. In addition to legal requirements, and in order to boost attendance, BNP Paribas sends convening notices and a postal voting form to shareholders who own over a certain number of shares (set at 250 shares in 2011); these same documents may be accessed freely on the website.

  In total, more than 80,000 of the Bank's shareholders personally received the information needed to participate in 2011.
- staff at all BNP Paribas branches is specifically trained to provide the necessary assistance and carry out the required formalities.

ATTENDANCE AT MEETINGS

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

VOTING

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

- vote by post;
- give their proxy to their spouse or any other individual or legal entity;
- give their proxy to the Chairman of the Meeting or indicate no proxy.

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

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

DISCLOSURE THRESHOLDS

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

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

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

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

2 CORPORATE GOVERNANCE

2.1 Board of Directors

MEMBERSHIP OF THE BOARD OF DIRECTORS

Baudouin PROT
Principal function[(1)]: Chairman of the BNP Paribas Board of Directors (as of 1 December 2011)

Date of birth: 24 May 1951 *Term start and end dates*: 11 May 2011 – 2014 AGM *First elected to the Board on:* 7 March 2000 *Number of BNP Paribas shares held*[(2)]: 146,129 *Office address*: 3, rue d'Antin 75002 PARIS FRANCE	**Functions at 31 December 2011**[(1)] **Director of:** Pinault-Printemps-Redoute, Veolia Environnement, *Erbé SA (Belgium), Pargesa Holding SA (Switzerland)* **Member of**: *Vice-Chairman of the International Monetary Conference, Institute of International Finance (IIF), International Advisory Panel of the Monetary Authority of Singapore*

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

2010:	2009:	2008:	2007:
Chief Executive Officer and Director of: BNP Paribas **Director of:** Pinault-Printemps-Redoute, Veolia Environnement, Erbé SA (Belgium), Pargesa Holding SA (Switzerland) **Member of:** Executive Board of Fédération Bancaire Française	**Chief Executive Officer and Director of:** BNP Paribas **Director of:** Accor, Pinault-Printemps-Redoute, Veolia Environnement, Erbé SA (Belgium), Pargesa Holding SA (Switzerland) **Chairman of:** Fédération Bancaire Française from September 2009 to August 2010 **Member of:** Executive Board of Fédération Bancaire Française	**Chief Executive Officer and Director of:** BNP Paribas **Director of:** Accor, Pinault-Printemps-Redoute, Veolia Environnement, Erbé SA (Belgium), Pargesa Holding SA (Switzerland) **Member of:** Executive Board of Fédération Bancaire Française	**Chief Executive Officer and Director of:** BNP Paribas **Director of:** Accor, Pinault-Printemps-Redoute, Veolia Environnement, Banca Nazionale del Lavoro (Italy), Erbé SA (Belgium), Pargesa Holding SA (Switzerland) **Member of:** Executive Board of Fédération Bancaire Française

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

(2) At 31 December 2011.

Michel PÉBEREAU
Principal function[1]: *Honorary Chairman* of BNP Paribas (as of 1 December 2011)

Date of birth: 23 January 1942
Term start and end dates:
13 May 2009 – 2012 AGM
First elected to the Board on: 14 May 1993

Number of BNP Paribas shares held[2]: 231,772
Office address: 3, rue d'Antin
75002 PARIS
FRANCE

Functions at 31 December 2011[1]

Director of: AXA, Compagnie de Saint-Gobain, Lafarge, Total, *BNP Paribas (Suisse) SA, Eads NV (Netherlands), Pargesa Holding SA (Switzerland)*
Member of the Supervisory Board of: *Banque Marocaine pour le Commerce et l'Industrie (Morocco)*
Non-voting Director of: *Société Anonyme des Galeries Lafayette*
Chairman of: *Management Board of Institut d'Études Politiques de Paris*
Member of: *Académie des Sciences morales et politiques, Executive Committee of Mouvement des Entreprises de France, International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC)*

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

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

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

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

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

(1) Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.
(2) At 31 December 2011.

Patrick AUGUSTE
Principal function[1]: *Technical Services Manager*

Date of birth: 18 June 1951 *Term start and end dates*: Elected by BNP Paribas executives to a three-year term running from 16 February 2009 to 30 June 2011, the date on which he retired *First elected to the Board on*: 14 December 1993 *Number of BNP Paribas shares held*[3]: 36 *Office address*: 20, avenue Georges-Pompidou 92300 LEVALLOIS-PERRET FRANCE	**Functions at 30 June 2011**[1] None

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

2010:	2009:	2008:	2007:
None	None	None	None

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

Date of birth: 29 July 1935 *Term start and end dates*: 13 May 2009 – 2012 AGM *First elected to the Board on*: 23 May 2000 *Number of BNP Paribas shares held*[2]: 3,074 *Office address*: 25, avenue Matignon 75008 PARIS FRANCE	**Functions at 31 December 2011**[1] **Director of:** AXA Assurances Iard Mutuelle, *AXA Assurances Vie Mutuelle* **Member of the Supervisory Board** of: Vivendi **Non-voting Director of:** *Schneider Electric* **Chairman of:** *IMS-Entreprendre pour la Cité, Institut Montaigne* **Member of:** *International Advisory Panel of the Monetary Authority of Singapore*

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

2010:	2009:	2008:	2007:
Honorary Chairman of AXA **Director** of: AXA Assurances Iard Mutuelle, AXA Assurances Vie Mutuelle **Member of the Supervisory Board** of: Vivendi **Non-voting Director of:** Schneider Electric **Chairman of:** IMS-Entreprendre pour la Cité, Institut Montaigne **Member of:** International Advisory Panel of the Monetary Authority of Singapore	**Honorary Chairman of** AXA **Director of:** AXA Assurances Iard Mutuelle, AXA Assurances Vie Mutuelle **Member of the Supervisory Board of:** Vivendi **Non-voting Director of:** Schneider Electric **Chairman of:** IMS-Entreprendre pour la Cité, Institut Montaigne **Member of:** International Advisory Panel of the Monetary Authority of Singapore	**Honorary Chairman of** AXA **Director of:** AXA Assurances Iard Mutuelle, AXA Assurances Vie Mutuelle **Member of the Supervisory Board of:** Vivendi **Non-voting Director** of: Schneider Electric **Chairman of:** IMS-Entreprendre pour la Cité, Institut Montaigne **Member of:** International Advisory Panel of the Monetary Authority of Singapore	**Chairman of the Supervisory Board of:** AXA **Director of:** AXA Assurances Iard Mutuelle, AXA Assurances Vie Mutuelle **Member of the Supervisory Board of:** Vivendi **Non-voting Director of:** Schneider Electric **Chairman of:** IMS-Entreprendre pour la Cité, Institut Montaigne **Member of:** International Advisory Panel of the Monetary Authority of Singapore, International Advisory Board of Tsinghua School of Economics and Management (Beijing)

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

(2) At 31 December 2011.

(3) At 30 June 2011.

Suzanne BERGER
Principal function[1]: *Professor of Political Science* at Massachusetts Institute of Technology, Cambridge, Massachusetts, USA; *Director* of the MIT International Science and Technology Initiative (MISTI)–France Program; *Director* of the MIT Production in the Innovation Economy Commission

Date of birth: 11 March 1939
Term start and end dates:
21 May 2008 – 11 May 2011
First elected to the Board on: 8 March 2007

Number of BNP Paribas shares held [3]: 850
Office address: 30 Wadsworth Street
E53-451 CAMBRIDGE,
MA 02139-4307
USA

Functions at 11 May 2011[1]

Member *of: American Academy of Arts and Sciences*
Research Associate and Member *of: Executive Committee of the Center for European Studies at Harvard University*

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

2010:	2009:	2008:	2007:
Member of: American Academy of Arts and Sciences **Research Associate and Member of:** Executive Committee of the Center for European Studies at Harvard University	**Member of:** American Academy of Arts and Sciences **Research Associate and Member of:** Executive Committee of the Center for European Studies at Harvard University	**Member** of: American Academy of Arts and Sciences **Research Associate and Member of:** Executive Committee of the Center for European Studies at Harvard University	**Member of:** American Academy of Arts and Sciences **Research Associate and Member of:** Executive Committee of the Center for European Studies at Harvard University

Jean-Laurent BONNAFÉ
Principal function[1]: Chief Executive Officer and Director of BNP Paribas (as of 1 December 2011)

Date of birth: 14 July 1961
Term start and end dates: 12 May 2010 – 2013 AGM
First elected to the Board on: 12 May 2010

Number of BNP Paribas shares held[2]: 59,675(*)
Office address: 3, rue d'Antin
75002 PARIS
FRANCE

Functions at 31 December 2011[1]

Director of: Carrefour, BNP Paribas Personal Finance, *Banca Nazionale del Lavoro (Italy), BNP Paribas Fortis (Belgium)*

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

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

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

(2) At 31 December 2011.

(3) At 11 May 2011.

(*) Furthermore, Jean-Laurent Bonnafé owns the equivalent of 15,530 BNP Paribas shares under the Company Savings Plan.

Jean-Marie GIANNO
Principal function[1]: *Sales Associate*

Date of birth: 7 September 1952
Term start and end dates: Elected by BNP Paribas employees to a three-year term running from 16 February 2009 to 15 February 2012
First elected to the Board on: 15 March 2004
(Jean-Marie Gianno was an employee representative on the Board of Banque Nationale de Paris from 1993 to 1999)

Number of BNP Paribas shares held[2]: 10
Office address: 21, avenue Jean-Médecin
06000 NICE
FRANCE

Functions at 31 December 2011[1]

Member of: *Confrontations (a European think tank)*

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

2010:	2009:	2008:	2007:
Member of: Comité des établissements de crédit et des entreprises d'investissement (CECEI), Confrontations (a European think tank)	**Member of:** Comité des établissements de crédit et des entreprises d'investissement (CECEI), Confrontations (a European think tank)	**Member of:** Comité des établissements de crédit et des entreprises d'investissement (CECEI), Confrontations (a European think tank)	**Member of:** Comité des établissements de crédit et des entreprises d'investissement (CECEI), Confrontations (a European think tank)

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

Date of birth: 21 April 1936
Term start and end dates: 21 May 2008 – 11 May 2011
First elected to the Board on: 4 May 1999

Number of BNP Paribas shares held[3]: 2,963
Office address: 128, avenue de-Lattre-de-Tassigny
87045 LIMOGES
FRANCE

Functions at 11 May 2011[1]

Director of: Legrand, Legrand France
Member of the Supervisory Board of: *Compagnie Générale des Établissements Michelin SCA*

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

2010:	2009:	2008:	2007:
Honorary Chairman of: Legrand **Director of:** Legrand, Legrand France **Member of the Supervisory Board of:** Michelin	**Honorary Chairman of:** Legrand **Director of:** Legrand, Legrand France **Member of the Supervisory Board of:** Michelin	**Honorary Chairman** of: Legrand **Director of:** Legrand, Legrand France **Member of the Supervisory Board of:** Michelin	**Honorary Chairman of:** Legrand **Director of:** Legrand, Legrand France **Member of the Supervisory Board of:** Michelin **Member of:** Advisory Committee of Banque de France

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

(2) At 31 December 2011.

(3) At 11 May 2011.

2

Denis KESSLER
Principal function[1] Chairman and Chief Executive Officer of SCOR SE

Date of birth: 25 March 1952 *Term start and end dates*: 13 May 2009 – 2012 AGM *First elected to the Board on*: 23 May 2000 *Number of BNP Paribas shares held*[2]: 2,684 *Office address*: 1, avenue du Général-de-Gaulle 92074 PARIS LA DÉFENSE CEDEX FRANCE	**Functions at 31 December 2011[1]** **Director** of: Bolloré, Dassault Aviation, Fonds Stratégique d'Investissement, *Invesco Ltd (United States)* **Member of the Supervisory Board** of: *Yam Invest NV (Netherlands)* **Member** of: *Commission Économique de la Nation, Board of Directors of Le Siècle, Board of Directors of Association de Genève, Board of the French Foundation for Medical Research, Strategic Board of the European Insurance Federation, Global Reinsurance Forum, Reinsurance Advisory Board*

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

2010:	2009:	2008:	2007:
Chairman and Chief Executive Officer of: SCOR SE **Director** of: Bolloré, Dassault Aviation, Fonds Stratégique d'Investissement, Invesco Ltd (United States) **Member of the Supervisory Board of:** Yam Invest NV (Netherlands) **Member of:** Commission Économique de la Nation, Board of Directors of Le Siècle, Board of Directors of Association de Genève, Board of the French Foundation for Medical Research, Strategic Board of the European Insurance Federation **Chairman of:** Reinsurance Advisory Board, Global Reinsurance Forum	**Chairman and Chief Executive Officer of:** SCOR SE **Director of:** Bolloré, Dassault Aviation, Fonds Stratégique d'Investissement, Invesco Ltd (United States) **Member of the Supervisory Board of:** Yam Invest NV (Netherlands) **Non-voting Director of:** Financière Acofi SA, Gimar Finance & Cie SCA **Member of:** Commission Économique de la Nation, Conseil économique, social et environnemental, Board of Directors of Association de Genève, Board of the French Foundation for Medical Research, Comité des entreprises d'assurance, Strategic Board of the European Insurance Federation **Chairman of:** Reinsurance Advisory Board, Global Reinsurance Forum, Board of Directors of Le Siècle	**Chairman and Chief Executive Officer of:** SCOR SE **Chairman** of: SCOR Global P&C SE, SCOR Global Life U.S. Re Insurance Company (United States), SCOR Global Life Re Insurance Company of Texas (United States), SCOR Reinsurance Company (United States), SCOR U.S. Corporation (United States), SCOR Holding (Switzerland) AG (Switzerland) **Chairman of the Supervisory Board of:** SCOR Global Investments SE **Director of:** SCOR Global Life SE, SCOR Canada Reinsurance Company (Canada), Bolloré, Dassault Aviation, Dexia SA (Belgium), Fonds Stratégique d'Investissement, Invesco Ltd (United States) **Member of the Supervisory Board of:** Yam Invest NV (Netherlands) **Non-voting Director of:** Financière Acofi SA, Gimar Finance & Cie SCA **Member of:** Commission Économique de la Nation, Conseil économique, social et environnemental, Board of Directors of Association de Genève, Board of the French Foundation for Medical Research, Comité des entreprises d'assurance **Chairman of:** Board of Directors of Le Siècle, Cercle de l'Orchestre de Paris **Vice-Chairman of:** Reinsurance Advisory Board **Global Counsellor of:** The Conference Board	**Chairman and Chief Executive Officer of:** SCOR **Chairman of:** SCOR Global Life SE, SCOR Global P&C SE, SCOR Global Life U.S. Re Insurance Company (United States), SCOR Holding (Switzerland) AG(Switzerland), SCOR Reinsurance Company (United States), SCOR U.S. Corporation (United States) **Director of:** Bolloré, Cogedim SAS, Dassault Aviation, Dexia SA (Belgium), Invesco Plc (United Kingdom), SCOR Canada Reinsurance Company (Canada) **Member of the Supervisory Board of:** Fondation du Risque **Permanent representative of:** Fergascor to SA Communication & Participation **Non-voting Director of:** Financière Acofi (formerly FDC SA), Gimar Finance & Cie SCA **Member of:** Commission Économique de la Nation, Conseil économique, social et environnemental, Board of Directors of Le Siècle, Association de Genève, Comité des entreprises d'assurance, Board of the French Foundation for Medical Research **Global Counsellor of:** The Conference Board

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

(2) At 31 December 2011.

Meglena KUNEVA **Principal function[1]: *Chairman of the Governing Board* of the European Policy Centre (Brussels)**	
Date of birth: 22 June 1957 *Term start and end dates*: 12 May 2010 – 2013 AGM *First elected to the Board on*: 12 May 2010 *Number of BNP Paribas shares held*[2]: 10 *Office address*: Ul. Plachkovica 1 Vhod A SOFIA 1164 BULGARIA	**Functions at 31 December 2011[1]** **Member of:** *Board of Trustees of the American University in Bulgaria*
Functions at previous year-ends *(The companies listed are the parent companies of the groups in which the functions were carried out)*	
2010 **Member of:** Board of Trustees of the American University in Bulgaria	

Jean-François LEPETIT **Principal function[1]: Director of companies**			
Date of birth: 21 June 1942 *Term start and end dates*: 11 May 2011 – 2014 AGM *First elected to the Board on*: 5 May 2004 Number of BNP Paribas shares held[2]: 8,739 *Office address*: 30, boulevard Diderot 75572 PARIS CEDEX 12 FRANCE		**Functions at 31 December 2011[1]** **Director of:** Smart Trade Technologies SA, Shan SA **Member of:** *Board of the Qatar Financial Centre Regulatory Authority (Doha)*	
Functions at previous year-ends *(The companies listed are the parent companies of the groups in which the functions were carried out)*			
2010: **Director of:** Smart Trade Technologies SA, Shan SA **Member of:** Board of the Qatar Financial Centre Regulatory Authority (Doha)	**2009:** **Director of**: Smart Trade Technologies SA, Shan SA **Member of:** Board of the Qatar Financial Centre Regulatory Authority (Doha), Board of the Autorité des Marchés Financiers, Conseil de Normalisation des Comptes Publics	**2008:** **Director of:** Smart Trade Technologies SA, Shan SA **Member of:** Board of the Qatar Financial Centre Regulatory Authority (Doha), Board of the Autorité des Marchés Financiers	**2007:** **Director of:** Smart Trade Technologies SA, Shan SA **Member of:** Board of the Qatar Financial Centre Regulatory Authority (Doha), Board of the Autorité des Marchés Financiers

Nicole MISSON **Principal function[1]: *Customer Advisor***	
Date of birth: 21 May 1950 *Term start and end dates*: Elected alternate Board Member by BNP Paribas executives, became a full Board Member for the remainder of Patrick Auguste's term when he retired 1 July 2011 – 15 February 2012 *First elected to the Board on*: 1 July 2011 *Number of BNP Paribas shares held*[2]: 174 *Office address*: 22, rue de Clignancourt 75018 PARIS FRANCE	**Functions at 31 December 2011[1]** *Judge at the Paris Employment Tribunal, Management Section* *Member of the Commission Paritaire de la Banque (Association Française des Banques – Recourse Commission)*

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

(2) At 31 December 2011.

Laurence PARISOT **Principal function[1]: *Vice-Chairman of the Board of Directors* of IFOP SA**	
Date of birth: 31 August 1959 *Term start and end dates*: 13 May 2009 – 2012 AGM *First elected to the Board on*: 23 May 2006 *Number of BNP Paribas shares held*[2]: 755 *Office address*: 6-8, rue Eugène-Oudiné 75013 PARIS FRANCE	**Functions at 31 December 2011**[1] **Chairman of:** *Mouvement des Entreprises de France (MEDEF)* **Director of:** Coface SA **Member of the Supervisory Board of:** *Compagnie Générale des Établissements Michelin SCA*

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

2010:	2009:	2008:	2007:
Vice-Chairman of the Board of Directors of: IFOP SA **Chairman of:** Mouvement des Entreprises de France (MEDEF) **Director of:** Coface SA **Member of the Supervisory Board of:** Michelin	**Vice-Chairman of the Board of Directors of:** IFOP SA **Chairman of:** Mouvement des Entreprises de France (MEDEF) **Director of:** Coface SA **Member of the Supervisory Board of:** Michelin	**Vice-Chairman of the Board of Directors of:** IFOP SA **Chairman of**: Mouvement des Entreprises de France (MEDEF) **Director of:** Coface SA **Member of the Supervisory Board of:** Michelin	**Chairman of the Board of Directors of:** IFOP SA **Chairman of:** Mouvement des Entreprises de France (MEDEF) **Director of:** Coface SA **Member of the Supervisory Board of:** Michelin

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

(2) At 31 December 2011.

Hélène PLOIX

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

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

Number of BNP Paribas shares held[2]: 1,609
Office address: 162, rue du Faubourg Saint-Honoré
75008 PARIS
FRANCE

Functions at 31 December 2011[1]

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

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

2010:
Chairman of: Pechel Industries SAS, Pechel Industries Partenaires SAS, FSH SAS
Director of: Lafarge, Ferring SA (Switzerland), Completel NV (Netherlands), Institut Français des Administrateurs
Permanent representative of: Pechel Industries Partenaires SAS to Ypso Holding (Luxembourg)
Member of the Supervisory Board of: Publicis Groupe
Manager of: Hélène Ploix SARL, Hélène Marie Joseph SARL, Sorepe Société Civile
Member of: United Nations Joint Staff Pension Fund Investment Committee, Independent Expert Oversight Advisory Committee (IEOAC) of the World Health Organization (WHO)

2009:
Chairman of: Pechel Industries SAS, Pechel Industries Partenaires SAS
Director of: Lafarge, Ferring SA (Switzerland), Completel NV (Netherlands), Institut Français des Administrateurs
Permanent representative of: Pechel Industries Partenaires to Ypso Holding (Luxembourg)
Member of the Supervisory Board of: Publicis Groupe
Manager of: Hélène Ploix SARL, Hélène Marie Joseph SARL, Sorepe Société Civile
Member of: United Nations Joint Staff Pension Fund Investment Committee

2008:
Chairman of: Pechel Industries SAS, Pechel Industries Partenaires SAS
Director of: Lafarge, Ferring SA (Switzerland), Completel NV (Netherlands)
Permanent representative of: Pechel Industries Partenaires to Ypso Holding (Luxembourg)
Member of the Supervisory Board of: Publicis Groupe
Manager of: Hélène Ploix SARL, Hélène Marie Joseph SARL, Sorepe Société Civile
Member of: United Nations Joint Staff Pension Fund Investment Committee

2007:
Chairman of: Pechel Industries SAS, Pechel Industries Partenaires SAS, Pechel
Director of: Lafarge, Ferring SA (Switzerland), Completel NV (Netherlands)
Member of the Supervisory Board of: Publicis
Manager of: Hélène Ploix SARL, Hélène Marie Joseph SARL, Sorepe Société Civile
Member of: United Nations Joint Staff Pension Fund Investment Committee

(1) Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.
(2) At 31 December 2011.

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

Date of birth: 8 July 1942
Term start and end dates: 12 May 2010 – 2013 AGM
First elected to the Board on: 14 December 1993

Number of BNP Paribas shares held [2]: 24,501
Office address: 8-10, avenue Émile-Zola
92109 BOULOGNE-BILLANCOURT CEDEX
FRANCE

Functions at 31 December 2011[1]

Chairman of the Board of Directors of: *AstraZeneca plc (United Kingdom), AB Volvo (Sweden)*
Director of: L'Oréal, Veolia Environnement
Member of the Advisory Committee of: *Allianz (Germany), Bosch (Germany)*
Member of the Board of: *Fondation Nationale des Sciences Politiques, Musée du quai Branly*
Chairman of: *Avignon Arts Festival, Maison de la Culture of the Seine-Saint-Denis district (near Paris)*

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

2010:
Honorary Chairman of: Renault
Chairman of the Board of Directors of: AstraZeneca plc (United Kingdom), AB Volvo (Sweden)
Director of: L'Oréal, Veolia Environnement
Member of the Advisory Committee of: Banque de France, Allianz (Germany)
Member of the Board of: Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du quai Branly

2009:
Honorary Chairman of: Renault
Chairman of the Board of Directors of: AstraZeneca plc (United Kingdom)
Chairman of the Supervisory Board of: Le Monde & Partenaires Associés SAS, Le Monde SA, Société Éditrice du Monde
Director of: L'Oréal, Veolia Environnement, AB Volvo (Sweden)
Chairman of: Haute Autorité de Lutte contre les Discriminations et pour l'Égalité (HALDE)
Member of the Advisory Committee of: Banque de France, Allianz (Germany)
Member of the Board of: Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du quai Branly

2008:
Chairman of the Board of Directors of: Renault
Chairman of the Board of Directors of: AstraZeneca plc (United Kingdom)
Chairman of the Supervisory Board of: Le Monde & Partenaires Associés SAS, Le Monde SA, Société Éditrice du Monde
Director of: L'Oréal, Veolia Environnement, AB Volvo (Sweden)
Chairman of: Haute Autorité de Lutte contre les Discriminations et pour l'Égalité (HALDE)
Member of the Advisory Committee of: Banque de France, Allianz (Germany)
Member of the Board of: Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du Louvre, Musée du quai Branly

2007:
Chairman of the Board of Directors of: Renault
Chairman of the Board of: Directors of AstraZeneca plc (United Kingdom)
Vice-Chairman of the Supervisory Board of: Philips (Netherlands)
Director of: Électricité de France, L'Oréal, Veolia Environnement, AB Volvo (Sweden)
Chairman of: Haute Autorité de Lutte contre les Discriminations et pour l'Égalité (HALDE)
Member of the Advisory Committee of: Banque de France, Allianz (Germany)
Member of the Board of: Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du Louvre, Musée du quai Branly

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

Date of birth: 21 July 1952
Term start and end dates: 12 May 2010 – 2013 AGM
First elected to the Board on: 12 May 2010
(Served as a non-voting Director of BNP Paribas between 4 November 2009 and 11 May 2010)

Number of BNP Paribas shares held[2]: 500
Office address: rue du Moulin 10
B – 1310 LA HULPE
BELGIUM

Functions at 31 December 2011[1]

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

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

2010:
Senior Advisor at: Cinven Ltd (United Kingdom)
Director of: Sofina SA (Belgium), Groupe Lhoist SA (Belgium), Foyer Assurances SA (Luxembourg), CapitalatWork Foyer Group SA (Luxembourg), Université Catholique de Louvain (Belgium), Royal Automobile Club of Belgium

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

(2) At 31 December 2011.

2

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

Date of birth: 30 April 1941
Term start and end dates: 12 May 2010 – 2013 AGM
First elected to the Board on: 12 May 2010
(Served as a non-voting Director of BNP Paribas between 4 November 2009 and 11 May 2010)

Number of BNP Paribas shares held[2]: 550
Office address: Zand 7-9
B – 2000 ANTWERP
BELGIUM

Functions at 31 December 2011[1]

None

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

2010:
None

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

Date of birth: 18 November 1957
Term start and end dates: 11 May 2011 – 2014 AGM
First elected to the Board on: 21 May 2008

Number of BNP Paribas shares held[2]: 2,148
Office address: Mainzer Landstrasse 46
D 60325 – FRANKFURT AM MAIN
GERMANY

Functions at 31 December 2011[1]

Member of: *German Government's Code of Corporate Governance Commission, Stakeholder Group of the European Insurance and Occupational Pensions Authority (EIOPA), Clifford Chance Partnership Council*

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

2010:
Member of: European Commission's Ad Hoc Group of Corporate Governance Experts for the Financial Services Area, German Government's Code of Corporate Governance Commission, Clifford Chance Partnership Council

2009:
Member of: European Commission's advisory group on corporate governance and company law, European Commission's expert group on removing obstacles to cross-border investments, European Commission's Ad Hoc Group of Corporate Governance Experts for the Financial Services Area, German Government's Code of Corporate Governance Commission

2008:
Member of: European Commission's advisory group on corporate governance and company law, European Commission's expert group on removing obstacles to cross-border investments, German Government's Code of Corporate Governance Commission

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

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

Number of BNP Paribas shares held[2]: 139
Office address: 3-5 Richmond Hill
RICHMOND, SURREY TW10 6RE
UNITED KINGDOM

Functions at 31 December 2011[1]

Director of: *CDC Group plc, Ballarpur International Graphic Paper Holdings*
Member of: *Battex School of Leadership - University of Virginia Board of advisors*

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

(2) At 31 December 2011.

2

OTHER CORPORATE OFFICERS

Philippe BORDENAVE
Principal function[1]: *Chief Operating Officer* of BNP Paribas (as of 1 December 2011)

Date of birth: 2 August 1954

Number of BNP Paribas shares held[2]: 37,232
Office address: 3, rue d'Antin
75002 PARIS
FRANCE

Functions at 31 December 2011[1]

Director of: *BNP Paribas UK Holdings Ltd (United Kingdom), BNP Paribas Personal Finance*
Permanent representative of: *Antin Participation 5 SAS to BNP Paribas Securities Services SCA*

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

Date of birth: 20 May 1950

Number of BNP Paribas shares held[2]: 71,943
Office address: 3, rue d'Antin
75002 PARIS
FRANCE

Functions at 31 December 2011[1]

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

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

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

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

2008:
Chief Operating Officer of: BNP Paribas
Chairman of: Compagnie d'Investissement de Paris SAS, Financière BNP Paribas SAS, BNP Paribas (Suisse) SA
Director of: Alstom, Bouygues, Société Foncière, Financière et de Participations SA, Nexans, BNP Paribas ZAO (Russia), Erbé SA (Belgium), SCOR Holding (Switzerland) AG (Switzerland), Verner Investissements SAS
Member of the Supervisory Board of: Lagardère SCA
Non-voting Director of: Exane, Safran, SCOR SA

2007:
Chief Operating Officer of: BNP Paribas
Chairman of: Compagnie d'Investissement de Paris SAS, Financière BNP Paribas SAS, BNP Paribas (Suisse) SA
Director of: Alstom, Bouygues, Société Foncière, Financière et de Participations SA, Nexans, Banca Nazionale del Lavoro (Italy), BNP Paribas ZAO (Russia), Erbé SA (Belgium), SCOR Holding (Switzerland) AG (Switzerland), Verner Investissements SAS
Member of the Supervisory Board of: Lagardère SCA
Non-voting Director of: Exane, Safran, SCOR SA

François VILLEROY de GALHAU
Principal function[1]: *Chief Operating Officer* of BNP Paribas (as of 1 December 2011)

Date of birth: 24 February 1959

Number of BNP Paribas shares held[2]: 1,411[*]
Office address: 3, rue d'Antin
75002 PARIS
FRANCE

Functions at 31 December 2011[1]

Director of: BNP Paribas Cardif, BNP Paribas Développement, *BGL BNP Paribas (Luxembourg)*
Member of the Supervisory Board of: Bayard Presse, *Villeroy-Boch AG*

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

(2) At 31 December 2011.

(*) Furthermore, François Villeroy de Galhau owns the equivalent of 876 BNP Paribas shares under the Company Savings Plan.

COMPENSATION

COMPENSATION AND BENEFITS PAID TO CORPORATE OFFICERS IN 2011

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

DIRECTORS' FEES

See the Chairman's report.

INFORMATION ON STOCK OPTION PLANS

The following table lists the BNP Paribas employees other than corporate officers receiving or exercising the highest number of stock options.

	Number of options granted/ exercised	Weighted average exercise price *(in euros)*	Date of grant	
Options granted in 2011 (Sum of 10 largest grants)	154,780	56.45	04/03/2011	
Options exercised in 2011 (10 employees)	436,714	46.66	15/05/2001	408,875
			21/03/2003	27,839

SUMMARY OF REPORTED TRANSACTIONS ON BNP PARIBAS STOCK

The following table lists the transactions on BNP Paribas stock carried out in 2011 by the corporate officers and other individuals covered by article L.621-18-2 of the French Monetary and Financial Code and that must be reported under articles 223-22 to 223-26 of the AMF General Regulations.

Name Function	Transactions carried out	Type of financial instrument	Nature of the transaction	Number of trans-actions	Total transaction amount *(in euros)*
BONNAFÉ Jean-Laurent Chief Operating Officer of BNP Paribas	Personally	BNP Paribas Shares	Purchase of 45,328 shares	12	1,481,049.23
CHODRON de COURCEL Georges Chief Operating Officer of BNP Paribas	Personally	BNP Paribas shares	Purchase of 4,000 shares	4	146,100.00
			Sale of 4,675 shares	2	252,450.00
KESSLER Denis BNP Paribas Director	Personally	BNP Paribas shares	Purchase of 3,684 shares	3	101,648.52
			Sale of 3,344 shares	2	89,788.32
PARISOT Laurence BNP Paribas Director	Personally	BNP Paribas shares	Purchase of 395 shares	1	14,694.00
PÉBEREAU(*) Michel BNP Paribas Director	Personally	BNP Paribas shares	Sale of 130,059 shares	4	7,093,103.47
PROT(*) Baudouin Chief Executive Officer and Director of BNP Paribas	Personally	BNP Paribas shares	Purchase of 5,000 shares	1	170,546.50
			Sale of 30,900 shares	1	1,676,921.37
	By a related party		Sale of 55,958 shares	2	3,044,841.00
SCHWEITZER Louis BNP Paribas Director	Personally	BNP Paribas shares	Purchase of 10,000 shares	2	400,056.00
VAN BROEKHOVEN Emiel BNP Paribas Director	Personally	BNP Paribas shares	Purchase of 400 shares	4	12,841.19
WEBER-REY Daniela BNP Paribas Director	Personally	BNP Paribas shares	Purchase of 1,012 shares	1	32,285.81
WICKER-MIURIN Fields BNP Paribas Director	Personally	BNP Paribas shares	Purchase of 139 shares	1	4,528.62

(*) Excluding stock option exercises, the details of which are given in note 8.e. to the consolidated financial statements.

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

This report has been prepared in accordance with article L.225-37 of the French Commercial Code.

The information that it contains takes into account, in particular, annex 1 of European Commission Regulation (EC) no. 809/2004 of 29 April 2004 and the recommendations of the 2011 report by the AMF (the French Securities Regulator) on corporate governance and the compensation of company Directors.

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

CORPORATE GOVERNANCE AT BNP PARIBAS

At the Annual General Meeting of 11 May 2011, having first informed the Board of Directors, Michel Pébereau told the shareholders of BNP Paribas that he intended to step down as Chairman before the end of the one-year term for which he had just been re-appointed and that he had nominated Baudouin Prot, Chief Executive Officer, as his successor and, with Baudouin Prot's agreement, Jean-Laurent Bonnafé, Chief Operating Officer, as successor to Baudouin Prot. He added that these changes would take place on 1 December 2011 should the Board so agree at that time.

On 1 December 2011, the Board of Directors accepted the proposals made by the Corporate Governance and Nominations Committee and accordingly appointed Michel Pébereau as Honorary Chairman, Baudouin Prot as Chairman of the Board of Directors and Jean-Laurent Bonnafé as Chief Executive Officer. The Board also re-appointed Georges Chodron de Courcel as Chief Operating Officer and appointed two new Chief Operating Officers, Philippe Bordenave and François Villeroy de Galhau.

At the request of Executive Management, in his capacity as Honorary Chairman Michel Pébereau will provide the Bank with his support in areas such as Corporate Finance transactions and other assignments carried out in the interests of the BNP Paribas group.

1. PRINCIPLES OF GOVERNANCE

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

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

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

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

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

The composition of these two committees and the work that they do in their respective fields are intended to satisfy the requirements of banking and prudential discipline, whether provided by law, contained in provisions defined by the regulator or in rules imposed by BNP Paribas itself to ensure the quality of its internal control and risk policy.

- An extract from the Internal Rules relating to the terms of reference of the Board of Directors and the committees is attached in an appendix to this report.

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

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

The duties of the Chairman

At its meeting of 1 December 2011, the Board of Directors confirmed the Chairman's duties pursuant to certain provisions of the Internal Rules, not all of which relate to the organisation and functioning of the Board or the Chairman's responsibilities pursuant to the legal provisions. These duties are by their nature contributory and do not confer any executive power on the Chairman. They do not in any way restrict the powers of the Chief Executive Officer who has sole operational responsibility for the Group.

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

He ensures that a close and trusting relationship is maintained with the Chief Executive Officer, and gives him assistance and advice while respecting his executive responsibilities. At the request of the Chief Executive Officer, he can take part in any internal meeting on subjects relating to strategy, organisation, investment or disinvestment projects, risks and financial information. He expresses his opinions without prejudice to the remit of the Board of Directors.

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

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

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

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

The powers of the Chief Executive Officer

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

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

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

1.c Membership of the Board – Directors' independence

Membership of the Board

- At the proposal of the Board of Directors, the Annual General Meeting of Shareholders held on 11 May 2011[1] re-elected Hélène Ploix, Jean-François Lepetit and Baudouin Prot and elected Fields Wicker-Miurin. Sixteen Directors attended this General Meeting.
- At the end of the Annual General Meeting on 11 May 2011, the Board of Directors had sixteen members, fourteen of whom had been appointed by the shareholders. On 1 July 2011, Nicole Misson, employee-elected Director, succeeded Patrick Auguste, who has retired, for the remainder of his term of office. As of 31 December 2011, 35.7% (5/14) of the Directors appointed by the shareholders were women, and five nationalities are represented on the Board.

Directors' independence

- The following Directors meet the independence criteria set out in the AFEP-MEDEF Corporate Governance Code: Claude Bébéar, Denis Kessler, Meglena Kuneva, Jean-François Lepetit, Laurence Parisot, Hélène Ploix,

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

Michel Tilmant[1] Emiel Van Broekhoven[1], Daniela Weber-Rey and Fields Wicker-Miurin. Based on its assessment of Louis Schweitzer before proposing his re-election at the Annual General Meeting of 12 May 2010, the Board took the view that the criterion concerning loss of independence associated with holding office as a Director for more than twelve years did not apply to him. The Board stressed that their decision was based on their assessment of Louis Schweitzer's personal qualities and the freedom of judgment he exercised in performing his duties as Director and Chairman of the Financial Statements Committee. This assessment was made in accordance with the provisions of the AFEP-MEDEF Corporate Governance Code. More than one half of the Directors of BNP Paribas are independent according to that Code.

- The two employee representatives on the Board, Jean-Marie Gianno and Nicole Misson, do not qualify as independent Directors according to the criteria contained in the AFEP-MEDEF Corporate Governance Code, despite their status and the method by which they were elected, which nevertheless are a guarantee of their independence.
- Three Directors appointed by the shareholders, Michel Pébereau, Chairman of the Board of Directors until 1 December 2011, Baudouin Prot, Director and Chief Executive Officer until 1 December 2011, and Jean-Laurent Bonnafé, Chief Operating Officer until 1 December 2011 and then Director and Chief Executive Officer, do not qualify as independent Directors according to the criteria contained in the AFEP-MEDEF Corporate Governance Code.

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

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

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

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

(1) The Board of Directors consider that Michel Tilmant and Emiel Van Broekhoven can be considered independent according to the criteria set forth in the AFEP-MEDEF Corporate Governance Code (Point 8.5), due to the composition of BNP Paribas' share capital and the lack of potential conflicts of interest.

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

1.d The Directors' Code of Ethics

- BNP Paribas complies with European Regulation 809/2004 of 29 April 2004.

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

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

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

  Apart from regulated agreements and commitments, there are no arrangements or agreements with key shareholders, customers, suppliers or other persons that involve the selection of any member of the Board of Directors.
- The Directors must carry out their duties in a responsible manner, particularly as regards the regulations relating to insider dealing. In particular, they are bound to comply with the legal provisions relating to insider information, and are also asked to refrain from carrying out any transactions in relation to BNP Paribas shares that could be regarded as speculative.
- Pursuant to the application of accounting standards, the Directors have confirmed that they have not received any financial support from BNP Paribas or from any company in the Group that was not provided on market terms.
- An extract from the Internal Rules relating to the conduct of Directors is attached in an appendix to this report.

1.e Directors' training and information

- Pursuant to the Internal Rules, every Director can ask the Chairman or the Chief Executive Officer to provide him with all the documents and information necessary for him to carry out his duties, to play a useful part in the meetings of the Board of Directors and to take informed decisions, provided that such documents are necessary to the decisions to be taken and connected with the Board's powers.
- The Directors have unrestricted access to the minutes of meetings of Board committees.
- Meetings of the committees provide an opportunity to update the Directors on the topical issues on the agenda. In addition, the Board is kept informed of changes in the banking regulations and reference texts concerning governance. The Directors are informed of the periods during which they may, save in special circumstances, carry out any transactions in relation to BNP Paribas shares.
- Upon taking up office, new Directors receive documentation about the Group, its characteristics, organisation and recent financial statements, together with a set of references on the information available on the Group's website. The Board Secretary provides them with the main legal provisions relating to the definition, communication and use of insider information. He provides them with the Board's Internal Rules and organises a programme of working meetings between them and the Group's operational and line managers, relevant to the requirements of their position and personal priorities.
- In 2011, an information day was organised for recently elected Directors. The agenda focused on the activities of Corporate and Investment Banking and Investment Solutions, as well as risks, liquidity, compliance and financial management. Directors who attended were able to meet the managers responsible for the relevant areas.

2. MEETINGS OF THE BOARD AND COMMITTEES IN 2011

- The Board of Directors met ten times in 2011, including three times in specially convened meetings. The average attendance rate was 90%. In addition, the Board met once for a strategic seminar.
- The Financial Statements Committee met four times, with a 100% attendance rate.
- The Internal Control, Risk Management and Compliance Committee met four times, with a 100% attendance rate.
- The Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee met twice, with a 100% attendance rate. These two committees thus met nine times during 2011, whether together or separately.
- The Corporate Governance and Nominations Committee met three times, with a 92% attendance rate.
- The Compensation Committee met six times, with a 100% attendance rate.

ATTENDANCE AT MEETINGS OF THE BOARD AND ITS COMMITTEES IN 2011

	Board meetings		Committee meetings		All meetings		
Directors	1	2	1	2	1	2	3
M. PÉBEREAU	10	10			10	10	100%
P. AUGUSTE (until 30.06.2011)	6	6	2	2	8	8	100%
C. BÉBÉAR	7	10	3	4	10	14	71%
S. BERGER (until 11.05.2011)	5	6			5	6	83%
J.L. BONNAFÉ	9	10			9	10	90%
J.M. GIANNO	9	10	5	5	14	15	93%
F. GRAPPOTTE (until 11.05.2011)	6	6	6	6	12	12	100%
D. KESSLER	9	10	9	9	18	19	95%
M. KUNEVA	6	10			6	10	60%
J.F. LEPETIT	10	10	6	6	16	16	100%
N. MISSON (from 01.07.2011)	4	4			4	4	100%
L. PARISOT	7	10	4	4	11	14	79%
H. PLOIX	9	10	4	4	13	14	93%
B. PROT	10	10			10	10	100%
L. SCHWEITZER	8	10	4	4	12	14	86%
M. TILMANT	10	10	5	5	15	15	100%
E. VAN BROEKHOVEN	10	10	4	4	14	14	100%
D. WEBER-REY	10	10	4	4	14	14	100%
F. WICKER-MIURIN (from 11.05.2011)	4	4			4	4	100%
Average		**90%**		**98%**			

The first column shows the number of meetings attended.
The second column shows the total number of meetings held during the year.
The third column shows the individual attendance rate.

3. THE WORK OF THE BOARD IN 2011

3.a Strategy

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

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

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

- The Board discussed the economic situation and the state of the financial markets on several occasions. An exceptional session was devoted to reviewing the events of summer 2011 and the fears surrounding European banks, particularly due to their exposure to the sovereign debt of certain countries and their recourse to the dollar market to finance their operations. The Board reviewed and approved measures proposed by Executive Management to adapt the Bank's balance sheet size and liquidity.
- It was also informed of the results of the stress tests performed at the request of the European Banking Authority and their comparison with the results of other major European banks.
- It examined progress in the work done by Executive Management on the Recovery and Resolution Plan required by the Financial Stability Board and the Autorité de Contrôle Prudentiel.
- It discussed comparative share price trends for the major global banks and BNP Paribas' relative position with regard to credit ratings.
- It was informed of the action plan to roll out the integrated Retail Banking model for customers of the domestic branch networks and to develop and improve profitability in other networks.
- It approved the proposed merger of Banque de Bretagne into BNP Paribas, the proposed simplified cross-border merger with BNP Paribas International BV and the proposed merger between the Group's two real estate investment companies. It was informed of the completion of the merger between Türk Ekonomi Bankasi AS (TEB) and Fortis Bank AS.

- The Board was not called upon to deliberate on any strategic operation that was not in line with approved strategic objectives and would as such have required its prior approval in accordance with the Internal Rules. It reviewed progress in several projects that it had previously discussed.
- As in previous years, the Board met for a strategic seminar devoted to the outlook for Retail Banking, Investment Solutions and Corporate and Investment Banking, as well as the Group's financial adjustment in an environment of fast and far-reaching change.

3.b Risk management, liquidity, compliance and internal control

In response to the report of the Internal Control, Risk Management and Compliance Committee based on information provided by Executive Management, the Board of Directors regularly discussed the economic, financial and regulatory (particularly prudential) environment. It was informed of trends in risks and the liquidity position.

Risk management and liquidity

- Throughout the year, the Board of Directors discussed the Bank's liquidity policy in light of the situation in the financial markets and the measures taken or envisaged by the international and national regulatory authorities. In a highly unstable climate, the Board was briefed on measures taken by Executive Management to address the changes and their consequences on the quantity, quality and cost of liquidity. It took note of the measures taken by Executive Management to monitor the financing needs of the Group's businesses and the results achieved in this area in 2011.
- It examined the price and maturity terms of debt issues made in 2010 and 2011.
- It reviewed the findings of the Internal Control, Risk Management and Compliance Committee's work on the Group's risks. It discussed the main issues identified, particularly as regards exposure to sovereign debt. It was regularly informed of trends in the cost of risk by business and the impacts of the asset reduction policy.
- It considered the findings of the work performed jointly by the Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee based on the 2010 report on risk measurement and monitoring prepared in accordance with the provisions of regulation CRBF 97-02. It assessed the effectiveness of the policies and systems in place.

Compliance and Internal Control

- The Board of Directors was briefed by the Chairman of the Internal Control, Risk Management and Compliance Committee on the 2010 compliance report and the 2010 report on permanent control, operational risk and business continuity. It was informed of developments in the resources allocated to internal control. It approved the section of the Chairman's report on internal control procedures.
- It was briefed on the key results of periodic controls performed in 2010 and the first half of 2011, as well a summary of the key observations made by *Inspection Générale*.
- The Board noted that the audit plans presented by the Statutory Auditors enabled them to perform their work satisfactorily.
- It was briefed on the findings of the market trading control and security programme implemented by Executive Management. It reviewed the amount of gains and losses due to operational incidents and major disputes.
- It adopted measures to complete the centralisation of the subsidiaries' periodic control systems without affecting the accountability of their governing bodies.
- The Board heard the report on the discussions held by the Internal Control, Risk Management and Compliance Committee with the Head of *Inspection Générale*, the Head of Periodic Control, the Head of Permanent Control and Compliance, the Head of ALM-Treasury and the Head of Group Risk Management, whose remit covers the whole of the Group's risk policy. These discussions were held without the presence of the Chairman and Chief Executive Officer.
- The Board reviewed the exchange of correspondence with the Autorité de Contrôle Prudentiel and the comments of the Internal Control, Risk Management and Compliance Committee. It was informed about relations with the foreign regulators, as reported by Executive Management.

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

Budget

In accordance with its usual practice, the Board examined and approved the draft budget for 2012 at its last meeting of the year, as presented by Executive Management for the Group as a whole and for its activities and major business lines.

Financial statements and results

- The Board examined and approved the results for the fourth quarter of 2010, full year 2010 and the first three quarters of 2011.
- Each quarter, it examined trends in revenues and cost/income ratio by business.
- For each period reviewed, the Board heard a summary of the Financial Statements Committee's work and the findings of the Group's Statutory Auditors, who routinely attend meetings dealing with the results and financial statements.
- The Board discussed trends in the solvency ratio in the light of decisions taken by the regulator in this area. It was briefed on the impacts on revenue and results of measures taken to reduce the Group's financing needs, particularly in dollars. It examined the return on equity allocated to the Group's businesses.
- It reviewed progress in the balance sheet downsizing plan and examined the dollar assets and liabilities structure and its developments during 2011.
- It was briefed on the key choices made concerning the application of accounting standards, which were examined by the Financial Statements Committee on the joint report of the Statutory Auditors and the Group's Chief Financial Officer.
- It heard the comments of the Financial Statements Committee on the accounting internal control report reviewed each quarter by the committee.

- The Board heard a report of the discussions held by the Financial Statements Committee with the Statutory Auditors and the Group's Chief Financial Officers, without the presence of the Chairman and Chief Executive Officer.
- At the proposal of the Financial Statements Committee and in line with the procedure put in place for the period 2012-2017, the Board approved the principle of the Statutory Auditors' re-appointment, which will be put to the vote at the forthcoming annual shareholders' meeting.

Financial management

- The Board received the report on medium and long-term financing in 2010 and the first half of 2011. It heard Executive Management's comments on the terms of implementation of the various programmes. It was also regularly informed of the net margins generated on new lending.
- It was informed of the share purchases made pursuant to the authorisations given by the General Meeting.

Financial information

- At each meeting devoted to results, the Board examined the draft press releases. It approved the draft report of the Board of Directors for 2010 as well as the draft report of the Chairman on internal control procedures relating to the preparation and processing of accounting and financial information.
- The Bank's long-term ratings from financial rating firms are given in the introduction to the Registration document and financial report.

3.d Corporate governance

Developments in corporate governance at BNP Paribas

- On 1 December 2011, the Board of Directors appointed Michel Pébereau as Honorary Chairman, Baudouin Prot as Chairman of the Board of Directors, Jean-Laurent Bonnafé as Chief Executive Officer, and Philippe Bordenave, Georges Chodron de Courcel and François Villeroy de Galhau as Chief Operating Officers. It confirmed the specific powers conferred by the Board of Directors on the Chief Executive Officer and the Chief Operating Officers prior to 1 December 2011.

It approved the terms of an agreement setting out the support that may be provided to the Group by Michel Pébereau in his capacity as Honorary Chairman.

It authorised an agreement between BNP Paribas and Baudouin Prot terminating Baudouin Prot's employment contract.

It approved the principle of terminating Jean-Laurent Bonnafé's employment contract on terms to be defined subsequently at the proposal of the Corporate Governance and Nominations Committee.

- The Board was informed of the appointment of two deputy Chief Operating Officers, who do not have the legal status of corporate officer, and the composition of the Executive Committee as of 1 December 2011.

Assessment of the Board of Directors

Follow-up to the assessment of the Board of Directors in 2010

The main wish expressed by the Board of Directors was to spend more time working on operational risk and the comparative analysis of the Group's performance.

Operational risk was specifically raised several times by the Head of Compliance and Permanent Control at meetings of the Internal Control, Risk Management and Compliance Committee. The Committee reported the information it received to the Board, particularly as regards fraud prevention and protection, information systems security and major disputes pending.

Given developments in the environment, the Board focused its comparative analysis work on the results of stress tests and share price trends.

Assessment of the Board of Directors in 2011

- For the tenth consecutive year, an assessment was carried out of the organisation and functioning of the Board of Directors and its specialised committees.
- This assessment was carried out on the basis of an anonymous questionnaire about the Board's organisation (independence and operating procedures), its main areas of activity as appearing in this report (strategy, internal control and risk management, financial management, compensation), the competence of the Board committee members, the relevance of the issues addressed and the quality of reporting on their work. The assessment questionnaire contained thirty-five questions, each with a scale of ratings and covering ten different topics. The Directors were asked to make proposals for improvements on each of these topics.
- The scores assigned and comments made showed that the Directors were broadly satisfied with the Board's organisation and practices.

  The topics with the highest scores were quality of information provided, particularly on strategic issues, and discussions on the impacts of the crisis. The Board's discussions on results, liquidity risk, prudential requirements and the risk identification and control systems also received a positive assessment.

  The main wishes expressed by the Board were to spend more time working on certain risk categories and continued strategic debate in the light of emerging changes in the economic, financial and regulatory environment.

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

- As part of the process described above, the Board assessed the independence of the Directors in light of the requisite personal qualities defined in 2010 (competence, courage, availability and *affectio societatis*) and the competence of the Board committee members. It discussed proposals for changes to its membership to be put to the vote at the Annual Shareholders' Meeting.
- The Board decided not to re-appoint Suzanne Berger and François Grappotte, who are due to retire by rotation at the Annual Shareholders' Meeting of 11 May 2011. The shareholders will be asked to elect Fields Wicker-Miurin for a term of three years and to re-elect Hélène Ploix, Daniela Weber-Rey, Jean-François Lepetit and Baudouin Prot.

The Internal Control, Risk Management and Compliance Committee appointed Jean-François Lepetit as its Chairman to replace François Grappotte.

Report of the Chairman

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

3.e Compensation

Directors' compensation

- Directors who are not members of the Group(1) do not receive any compensation from BNP Paribas other than Directors' fees.
  - Fees allocated to the Directors comprise a fixed component and a variable component based on attendance at Board meetings.
  - At the proposal of the Compensation Committee, the Board of Directors had set the fixed component at EUR 29,864. However, it was decided to reduce this amount to EUR 14,864 for 2011. In order to take account of the particular constraints they face, Board members residing abroad are paid 1.5 times the fixed portion of Directors' fees.
  - The variable component of Directors' fees is calculated on the basis of EUR 2,123.43 per scheduled meeting (7 per year). In the event of an exceptional Board meeting, each Director present receives an additional fee on that basis plus 75%.
  - Directors do not receive any fees for attending the strategic seminar.
  - The fixed component of fees payable to members of the Board committees was set at EUR 20,000 for the Chairmen of the Financial Statements Committee, Internal Control, Risk Management and Compliance Committee, and Compensation Committee, and at EUR 10,000 for the Chairman of the Corporate Governance and Nominations Committee.

    The variable component based on attendance at Committee meetings was set at:
    - 80% of the variable component per scheduled Board meeting, i.e. EUR 1,698.74 per meeting, for committee Chairmen;
    - 50% of the variable component per scheduled Board meeting, i.e. EUR 1,061.71 per meeting, for committee members.
- Based on those rules, a total of EUR 841,507 was allocated in Directors' fees in 2011. This represents an increase of 11.7% compared with 2010 (EUR 753,527) due to the higher number of Board meetings.
- Note 8.e to the financial statements included in this Registration document and annual financial report contains a table showing the Directors' fees paid to the members of the Board of Directors.

Compensation of Directors and corporate officers

- At the proposal of the Compensation Committee, the Board of Directors decided the variable compensation of Directors and corporate officers according to the methods that it had defined in 2010. Those methods were described in note 8.e. to the financial statements included in the 2010 Registration document and annual financial report (pages 240 and 241). The Board recorded the results of the calculations derived from the arithmetical criteria relating to the Group's performance. It assessed how personal targets had been achieved based on its assessment of the individual performances of the corporate officers, and particularly the capacity to anticipate, take decisions and manage demonstrated by each of them. It decided to make only partial use of the option to pay the Chief Executive Officer and the Chief Operating Officers a variable compensation component based on the risk and liquidity policy. The Board of Directors ensured that trends in variable compensation were consistent with trends in the BNP Paribas Group's net income.
- It decided that 60% of the variable compensation paid to the corporate officers would be deferred for three years and that half of the remaining 40% to be paid in 2011 would be deferred for six months and index-linked to the share price. The 60% three-year deferred portion would, for each of the three years, be subject to a return on equity condition and half would be index-linked to the change in share price since the date of the first payment.
- The Board of Directors agreed on the principles governing the compensation of corporate officers for 2011. These provisions are described in note 8.e to the financial statements included in this Registration document and annual financial report.
- At the proposal of the Compensation Committee, the Board approved the terms of a long-term incentive plan for the corporate officers designed to link their compensation to value creation over a long period. It checked with the AFEP-MEDEF's Committee of Wise Men that the plan complied with the provisions of the Corporate Governance Code. The plan was set up for the benefit of the Chief Executive Officer and Chief Operating Officers.
- On 1 December 2011, the Board of Directors approved the fixed salary payable to Baudouin Prot, Chairman, Jean-Laurent Bonnafé, Chief Executive Officer, and Philippe Bordenave, Georges Chodron de Courcel and François Villeroy de Galhau, Chief Operating Officers.
- Neither the Chairman, nor the Chief Executive Officer nor the Chief Operating Officers were involved in the preparation of the decisions concerning their compensation, nor did they take part in the Board's discussions and vote on those decisions.
- The decisions of the Board of Directors were made public in accordance with the provisions of the AFEP-MEDEF Corporate Governance Code.

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

(1) The Directors who are members of the Group are Patrick Auguste (until 30 June 2011), Jean-Laurent Bonnafé, Jean-Marie Gianno, Nicole Misson (from 1 July 2011), Michel Pébereau and Baudouin Prot.

Compensation of the categories of employees subject to specific regulations

- The Board was informed by the Compensation Committee of the approach taken by BNP Paribas to identify those employees whose professional activities have a significant influence on the Company's risk profile (regulated activities).
- It approved several amendments to the compensation policy for those employees and examined the general guidelines proposed by Executive Management to determine the overall compensation packages for regulated activities in 2011.

Equal opportunities and equal pay

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

Global Share-Based Incentive Plan – Capital increase

- Acting on a proposal from the Compensation Committee, the Board adopted the Group's Global Share-Based Incentive Plan for 2011.

  This plan concerns 2,296,820 stock options and 1,040,450 performance shares for the benefit of 5,317 beneficiaries whose level of responsibility, contribution to results or professional potential means that they are key elements of the Group's strategy, development and profitability. The Board approved the rules and characteristics of this plan.
- The Board of Directors approved the terms and conditions of a new capital increase reserved for employees.

4. THE WORK OF THE COMMITTEES IN 2011

4.a Financial Statements Committee

In 2011, the members of the Financial Statements Committee were Louis Schweitzer, Chairman, Denis Kessler, Hélène Ploix and Emiel Van Broekhoven from 2 May 2011. Patrick Auguste was a member until 30 June 2011 when his term as employee-elected Director ended. The majority of the Committee's members have experience and expertise in the areas of corporate financial management, accounting and financial information.

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

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

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

The Financial Statements Committee met four times in 2011, with a 100% attendance rate. It also met once with the Internal Control, Risk Management and Compliance Committee.

Examination of the financial statements and financial information

- Each quarter, the Financial Statements Committee examined the financial statements on the basis of the documents and information provided by Executive Management and the work carried out by the Statutory Auditors.
- It heard the presentation made jointly by Group Development and Finance and the Statutory Auditors on material choices made concerning the application of accounting standards. It reviewed the accounting treatment adopted for sovereign debt securities issued by countries subject to a European bailout plan and, in particular, the method used to determine impairment of Greek securities in the financial statements for the second and third quarters of 2011. The committee also examined the joint presentation made by Group Development and Finance and the Statutory Auditors on the accounting treatment of the Group's restructuring in Turkey and the impacts of raising the materiality thresholds for consolidation purposes.
- Each quarter the Committee analysed the summary consolidated results, annualised return on equity and results and RoE by business segment. It also examined trends in the estimated Basel 2 solvency ratio and risk-weighted assets.
- It reviewed the Group's consolidated balance sheet at 31 December 2010 and changes from end-2010 to 30 June 2011. On the same occasion, it was briefed on the Group's off-balance sheet commitments.
- It reviewed selected exposures based on the recommendations of the Financial Stability Board. It was advised of the reduction in the Group's exposures to sovereign debt and examined the impacts of the disposals on the Group's results.
- At the time of each quarterly review of the financial results, the Financial Statements Committee met with the Group's Chief Financial Officer and his deputy responsible for accounting and financial reporting, without the presence of the Chairman or Chief Executive Officer. One of the key issues addressed during the discussions was the method of consolidating the financial statements of Fortis, which remained a focus for attention in 2011. The committee heard the comments and findings of the Statutory Auditors concerning the results for each quarter. It met with the Statutory Auditors, without the presence of the Chairman, the Chief Executive Officer and the Group's Chief Financial Officer, and asked questions it considered necessary, particularly on the Group's exposure to sovereign debt and on the rational and prudent nature of the accounting choices made.

Accounting internal control

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

Relations with the Group's Statutory Auditors

- The Financial Statements Committee received a written certificate of independence from each of the Statutory Auditors.
- It was informed of the amount of fees paid to the Statutory Auditors and reviewed the summary report on assignments not directly related to the statutory audit, without the presence of the Statutory Auditors. It authorised a non-audit-related assignment subject to its prior approval in accordance with the Internal Rules.
- After approving the principles, the Financial Statements Committee reviewed the results of the procedure for appointing the Statutory Auditors for the period 2012-2017. It proposed that the Board approve its recommendation to re-appoint the current Statutory Auditors.

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

- The committees met to discuss the report drawn up in accordance with Regulation CRBF 97-02 and a memo addressed to them on the main developments in the areas of corporate governance and risk management procedures. They discussed the measures taken by the Bank to refocus its market activities, reduce certain exposures and strengthen operational risk control. They heard the comments of the Chief Risk Officer on the key results of the market risks stress tests.
- They reviewed BancWest's business operations, financial statements and risks in the light of the economic and regulatory environment in the USA.
- They noted the main guidelines underpinning the Statutory Auditors' 2011 audit plan and the key points for attention.

4.b Internal Control, Risk Management and Compliance Committee

The members of the Internal Control, Risk Management and Compliance Committee in 2011 were François Grappotte, who was Chairman until 11 May 2011, Jean-Marie Gianno, Jean-François Lepetit, and Michel Tilmant from 27 April 2011. Jean-François Lepetit has been Chairman of the committee since 11 May 2011.

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

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

The committee met four times in 2011, with a 100% attendance rate. It also met once jointly with the Financial Statements Committee (see above). Documentation relating to market, counterparty and credit risks is automatically accompanied by a summary report.

Market, counterparty and credit risks

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

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

Liquidity

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

Permanent control, compliance and periodic control

- The committee was provided with the draft 2010 report on Compliance, permanent operational control and business continuity. It was informed of the reorganisation of the central Compliance Function and reviewed the report on the results of permanent control. It reviewed key incidents and the main disputes and litigation pending. It examined the permanent control action plan for 2011 and the key points for attention as regards business continuity. It was informed of actions taken and planned in the area of fraud prevention and protection.

  It met with the Head of Compliance and Permanent Control, without the presence of the Chairman and Chief Executive Officer.
- The committee received the draft 2010 report on periodic control and reviewed the results of the risk assessment carried out by *Inspection Générale*, as well as trends in the number and type of recommendations made by the unit. It examined the half-yearly activity report on periodic control and *Inspection Générale* internal audit plan.

It met with the Head of *Inspection Générale*, who is responsible for periodic control, without the presence of the Chairman and Chief Executive Officer.

- It examined the draft 2011 annual internal control report and recommended its approval by the Board of Directors.

Relations with regulators

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

4.c The Corporate Governance and Nominations Committee

The members of the Corporate Governance and Nominations Committee are Claude Bébéar (Chairman), Laurence Parisot and Daniela Weber-Rey. Its members are independent Directors who have experience of corporate governance issues and of putting together management teams in international companies.

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

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

The Corporate Governance and Nominations Committee met four times in 2011, with a 92% attendance rate.

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

  After learning of Michel Pébereau's plans regarding the chairmanship of BNP Paribas and in agreement with Baudouin Prot, Chief Executive Officer, the committee proposed that the Board extend Michel Pébereau's term of office as Chairman in accordance with article 14 of the Articles of association.

  When Michel Pébereau subsequently confirmed his intentions, the Committee proposed that the Board of Directors appoint him as Honorary Chairman and at the same time appoint Baudouin Prot as Chairman of the Board of Directors and Jean-Laurent Bonnafé as Chief Executive Officer. It also proposed that the Board re-appoint Georges Chodron de Courcel as Chief Operating officer and appoint Philippe Bordenave and François Villeroy de Galhau as additional Chief Operating Officers.

  The Committee was informed of the appointment of Jacques d'Estais et Alain Papiasse as deputy Chief Operating Officers without the legal status of corporate officer, and the composition of the Group's Executive Committee as of 1 December 2011.

- The committee proposed that the Board approve the work that may be done by the Honorary Chairman in the Group's interest and the resources made available to him, within the framework of an agreement governed by the provisions of article L.225-40 of the French Commercial Code.

  It submitted the agreement terminating Baudouin Prot's employment contract for prior approval of the Board.

  It examined the position of Jean-Laurent Bonnafé in light of the provisions of the AFEP-MEDEF Corporate Governance Code. It proposed that the Board of Directors approve the principle of terminating the new Chief Executive Officer's employment contract.

- The committee prepared the assessment by the Board of Directors of how the Board and its specialised committees functioned. It examined the membership of the Board of Directors and reviewed the position of each Director. It discussed the contribution of each Director to the work of the Board and, where applicable, the committees by virtue of their competencies and involvement in the discussions.
- The committee proposed that the Board initiate a selection process in order to prepare a proposal for presentation to the Annual Shareholder's Meeting for the replacement of one of the two Directors due to retire by rotation.
- Following the process, the committee proposed that the Board nominate Fields Wicker-Miurin.
- The committee examined the section of the Chairman's draft report on corporate governance, and recommended its approval by the Board of Directors.

4.d Compensation Committee

The members of the Compensation Committee are Denis Kessler (Chairman), François Grappotte (until 11 May 2011) and Jean-François Lepetit. The composition of the committee complies with the recommendations of the AFEP-MEDEF Corporate Governance Code; its members have experience of compensation systems and market practices in this area. Each member of the Compensation Committee is also a member either of the Financial Statements Committee (Denis Kessler) or the Internal Control, Risk Management and Compliance Committee (Jean-François Lepetit). This structure is likely to benefit the work of the Board of Directors on matching compensation principles to the Bank's risk policy.

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

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

The Compensation committee met five times in 2011, with a 100% attendance rate.

- On several occasions, the committee examined issues involving the compensation of employee categories subject to specific regulations. It received detailed information on the group of employees whose professional activities have a significant influence on the Company's risk profile. It reviewed the method of determining variable compensation packages for regulated activities and was informed of the process for determining the compensation of the relevant employees. It examined *Inspection Générale* report on this process. It examined several amendments to the principles underlying compensation for regulated activities and submitted them to the Board of Directors for approval. It reviewed the list of the highest paid employees in 2010. It met with the Head of Group Human Resources and noted that the policy implemented complies with the prevailing regulations and professional standards. It was informed of the correspondence with the Autorité de Contrôle Prudentiel on these issues.

- The committee determined and proposed to the Board the variable compensation to be paid to the corporate officers in respect of 2010 and the provisions for deferring this compensation over several years and index-linking a proportion of it to changes in share price.
- It discussed the incentive plans for corporate officers designed to encourage value creation over the long term. It proposed that the Board approve a long-term compensation plan entirely based on performance conditions and index-linked to changes in BNP Paribas' share price. It proposed that the plan should cover the Chief Executive Officer and the Chief Operating Officers.
- It submitted the principles underlying the corporate officers' 2011 compensation for the Board's approval.
- It determined and proposed to the Board the fixed salary to be paid to Baudouin Prot, Chairman, Jean-Laurent Bonnafé, Chief Executive Officer and Philippe Bordenave, Georges Chodron de Courcel and François Villeroy de Galhau, Chief Operating Officers, as of 1 December 2011.
- The committee was informed of the variable compensation for 2010 agreed by the Chief Executive for members of the Executive Committee who are not corporate officers, and the proposed stock option and performance share awards for each one.
- It examined and submitted to the Board the characteristics of the share-based incentive plan for 2011 and the proposed regulations and list of beneficiaries. It presented for the Board's approval the performance conditions underpinning performance share awards as of 2011 and the planned guidelines for the 2012 programme.
- The committee completed its benchmarking work on Directors' fees. It proposed that the Board revise the fixed component of Directors' fees to complete the alignment with market practices initiated in 2010.

APPENDICES

Report of the Chairman - Point 1.a

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

Board of Directors

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

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

Towards these ends:

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

It examines any and all issues related to the efficient running of the business, and makes any and all business decisions within its remit;

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

It appoints corporate officers for three-year terms;

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

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

The Board or one or more of its Directors or committees, or a specific committee authorised by the Board, may:

- perform any or all verifications and Controls that it considers necessary pursuant to the applicable legislation,
- supervise the management of the business and the fairness of its accounts,
- review and approve the financial statements, and
- ensure that the financial information disclosed to the shareholders and the markets is of high quality.

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

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

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

Insofar as the Board of Directors has delegated the necessary powers to him to issue bonds and securities convertible into the capital of BNP Paribas, whether immediately or in the future, the Chairman, or the Chief Executive Officer in the event of those functions being separated, shall report on the issue of such bonds or securities with the same frequency."

Report of the Chairman - Point 1.a

The specialised committees of the Board of Directors

"In order to facilitate the exercise of the Directors' functions, specialised committees of the Board of Directors are formed. Their remit does not reduce or limit the Board's powers.

The Chairman of the Board of Directors ensures that the number, terms of reference, composition and functioning of the committees is at all times suitable for the Board's requirements and consistent with best practice in the area of corporate governance.

When he considers it necessary, the Chairman attends meetings of the committees in a consultative capacity.

These committees meet at their convenience and their meetings may or may not be attended by the Bank's management. They can use outside experts if necessary. Committee Chairmen can ask for any responsible officer of the Group to be heard in relation to questions within the competence of the relevant committee, as defined by these rules.

Committees issue opinions intended for the Board of Directors. Committee Chairmen, or in the event of their being unable to act, another member of their committee, orally present a summary of their work to the next meeting of the Board.

A written report on the meetings of the committees is prepared and communicated to Directors wishing to receive it, once it has been approved."

Report of the Chairman - Point 1.b

The Chairman of the Board of Directors

"In relations with the Company's other management bodies and external entities, the Chairman is the only person who can act on behalf of the Board and make statements in its name, save in exceptional circumstances and where a special task or specific mandate has been entrusted to another Director.

The Chairman can represent the Group in its high-level relations, and particularly with major clients and the authorities, both at national and international level, in close coordination with Executive Management.

He ensures that the quality of relations with the shareholders is maintained, in close collaboration with the steps taken in this area by Executive Management.

He ensures that corporate governance principles of the highest standards are established and implemented.

He ensures that the management bodies of BNP Paribas function properly.

With the support of the Corporate Governance and Nominations Committee, and subject to the approval of the Board and of the General Meeting of Shareholders, he strives to build an effective and balanced Board, and to manage the processes of replacement and succession concerning the Board and the appointments that it has to deal with.

He organises the work of the Board of Directors, fixes the timetable and agenda for meetings of the Board, and convenes them.

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

He satisfies himself that the Board devotes the necessary time to matters affecting the Company's future, and in particular its strategy.

He satisfies himself that outside Directors of the Company are well-acquainted with the management team.

He ensures that a close and trusting relationship is maintained with the Chief Executive Officer, and gives him assistance and advice while respecting his executive responsibilities.

The Chairman manages the work of the Board in order to ensure that it is in a position to carry out all the tasks for which it is responsible.

He satisfies himself that the Board is provided in good time, and in a clear and appropriate form, with the information necessary for it to carry out its tasks.

The Chairman is kept regularly informed by the Chief Executive Officer and the other members of Executive Management of significant events and situations affecting the business of the Group, and in particular: its strategy, organisation, investment and disinvestment projects, financial operations, risks and financial statements.

He receives from the Chief Executive Officer all the information required by law in respect of the report on internal control.

He can ask the Chief Executive Officer for any information that may assist the Board and its committees to carry out their tasks.

He can interview the Statutory Auditors with a view to the preparation of the work of the Board and of the Financial Statements Committee.

He satisfies himself that the Directors are in a position to carry out their tasks, and in particular, that they have the required information to participate in the work of the Board and that they have adequate collaboration from the Company's officers for the specialised committees to function. He also satisfies himself that the Directors play an effective part in the work of the Board, with satisfactory attendance, competence and loyalty.

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

Report of the Chairman – Point 1.d

Conduct of Directors – Code of Ethics

"Directors shall interact effectively with others in the workplace and respect their opinions, and shall express themselves freely on subjects debated in Board meetings, even in the face of opposition.

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

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

In the event of a significant change in the functions or positions held, Directors agree to allow the Board to decide whether or not it is appropriate for them to continue to serve as Directors of BNP Paribas.

Compliance with laws and regulations

All Directors are required to comply with the legal obligations and stock market recommendations and regulations relating to information that concerns Directors personally.

Directors of American nationality

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

Ethics and Professional Conduct

Directors are particularly subject to the legislation relating to insider dealing, whether personally or in respect of functions exercised within companies that are shareholders of BNP Paribas. In particular, they are bound to comply with the legal requirements relating to the definition, communication and use of insider information, the main provisions of which are communicated to them upon taking office.

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

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

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

Directors can consult the Group's Head of Group Compliance and Permanent Control in relation to any question of professional conduct.

Situation of conflict of interest

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

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

Confidentiality

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

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

Failure to comply with this obligation can give rise to an action in damages against the Director or Directors responsible for infringing this rule.

Regular attendance

Directors must endeavour to take an active part in meetings of the Board and its committees, to attend them regularly, and to attend General Meetings of Shareholders."

Report of the Chairman - Point 4.a

The Financial Statements Committee

"The committee meets at least four times a year.

Membership

At least two thirds of the members of the Financial Statements Committee satisfy the requirement of independence adopted by the Board in the light of market recommendations.

It does not include any member of the Bank's Executive Management.

Terms of reference

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

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

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

It is informed by the Chairman of the Board of Directors of any possible failure to implement corrective measures decided in the scope of the accounting and financial internal control, of which he has been directly informed by the Head of periodic control, and reports on its findings to the Board of Directors.

Relations with the Group's Statutory Auditors

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

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

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

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

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

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

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

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

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

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

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

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

Interviews

With regard to all issues within its remit, the committee may, as it sees fit, and if it considers it appropriate, without any other member of Executive Management being present, interview the heads of Group Finance and Accounting, as well as the Head of Asset and Liabilities Management.

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

Report of the Chairman - Point 4.a

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

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

They shall be briefed in that context on the mission statement of *Inspection Générale* and on the audit plan of the Statutory Auditors, and shall prepare the work of the Board in assessing the risk policies and management systems.

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

Report of the Chairman - Point 4.b

The Internal Control, Risk Management and Compliance Committee

"It shall hold at least four meetings per year.

Membership

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

It does not include any member of the Bank's Executive Management.

Terms of reference

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

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

The committee analyses the risk measurement and monitoring report. Twice a year it examines the internal control operations and findings (excluding accounting and financial internal control, which is the responsibility of the Financial Statements committee) based on the information provided to it by Executive Management and the reports presented to it by the Heads of Permanent Control, Compliance and periodic controls. It reviews the Bank's exchanges of correspondence with the General Secretariat of the Autorité de Contrôle Prudentiel.

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

It analyses the status of recommendations made by *Inspection Générale* that were not implemented. It is informed by the Chairman of the Board of Directors of any possible failure to implement corrective measures decided in the scope of the accounting and financial internal control that is brought directly to his attention by the Head of periodic control, and reports on its findings to the Board of Directors.

Interviews

It may interview the Head of *Inspection Générale* and of periodic controls, the Head of the Group Compliance and Permanent Control Function and the Head of Group Risk Management, without any other member of Executive Management being present if it considers this appropriate.

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

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

2

Report of the Chairman - Point 4.c

The Corporate Governance and Nominations Committee

"The committee meets as often as necessary.

Membership

A majority of the members of the committee shall qualify as independent Directors based on the definition used by the Board in accordance with French corporate governance guidelines.

It does not include any member of the Bank's Executive Management.

Terms of reference

The committee is tasked with monitoring corporate governance issues. Its role is to help the Board of Directors to adapt corporate governance practices within BNP Paribas and to assess the performance of Board members.

It tracks developments in corporate governance at both global and domestic levels, and presents a summary thereof to the Board of Directors at least once a year. It selects measures that are suitable for the Group and which are likely to bring its procedures, organisation and conduct into line with best practice in this area.

It regularly assesses the performance of the Board using either its own resources or any other internal or external procedure that it deems appropriate.

It examines the draft report of the Chairman of the Board on corporate governance and all other documents required by applicable laws and regulations.

With the Chairman, it prepares resolutions relating to the proposed appointment of Directors by the General Meeting of Shareholders.

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

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

The committee assesses the performance of the Chairman, in his absence. It also assesses the performances of the Chief Executive Officer and Chief Operating Officers, in the absence of the parties in question.

It is also responsible for developing plans for the succession of corporate officers.

It makes recommendations to the Board of Directors on the appointment of committee Chairmen and committee members.

It is also tasked with assessing the independence of the Directors and reporting its findings to the Board of Directors. The committee shall examine, if need be, situations arising should a Director be repeatedly absent from meetings."

Report of the Chairman - Point 4.d

The Compensation Committee

"The committee meets as often as necessary.

Membership

A majority of the members of the committee shall qualify as independent Directors based on the definition used by the Board in accordance with French corporate governance guidelines.

It does not include any member of the Bank's Executive Management.

Terms of reference

The committee prepares the work of the Board on the principles governing the compensation policy, particularly as regards market professionals, in accordance with current regulations.

It is tasked with examining all questions relating to the personal status of corporate officers, and in particular compensation, pensions and allocations of stock options of the Company, and the provisions governing the departure of members of the Company's management and representative bodies.

It examines the conditions, amount and distribution of stock option programmes. It also examines the terms of allocation of bonus shares.

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

2

INTERNAL CONTROL

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

BNP PARIBAS INTERNAL CONTROL REFERENCES

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

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

As required by Regulation 97-02, BNP Paribas has set up an internal control system (referred to herein as internal control) in which distinct organisations and managers are in charge of permanent controls (including Compliance and Risk Management) and periodic controls. The internal control system must also take into account, as appropriate, the AMF's General Regulations (French Securities Regulator), regulations applicable to branches and subsidiaries outside France and to specialised operations such as portfolio management and insurance, the most widely accepted industry practices in this area and the recommendations of international bodies dealing with the capital adequacy framework issues, foremost among which are the Basel Committee and the Financial Stability Board.

INTERNAL CONTROL DEFINITION, OBJECTIVES AND STANDARDS

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

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

The Charter lays down rules relating to the organisation, lines of responsibility and remit of the various players involved in Internal Control, and establishes the principle that the different control functions (Compliance, *Inspection Générale* and Risk Management) must operate independently.

SCOPE OF INTERNAL CONTROL

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

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

FUNDAMENTAL PRINCIPLES OF INTERNAL CONTROL

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

- **responsibility of operational staff**: the permanent control mechanism must be incorporated within the operational organisation of the entities. Operational managers must ensure effective control over the activities for which they are responsible, and all employees are under a duty to blow the whistle on any problems or failings of which they are aware;
- **exhaustiveness** of internal control (see above, under "Scope of Internal Control");
- **segregation of tasks**: this applies to the various phases of a transaction, from origination and execution, to recording, settlement and control. Segregation of duties is also reflected in the introduction of specialised control functions and in a clear distinction between permanent and periodic control;

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

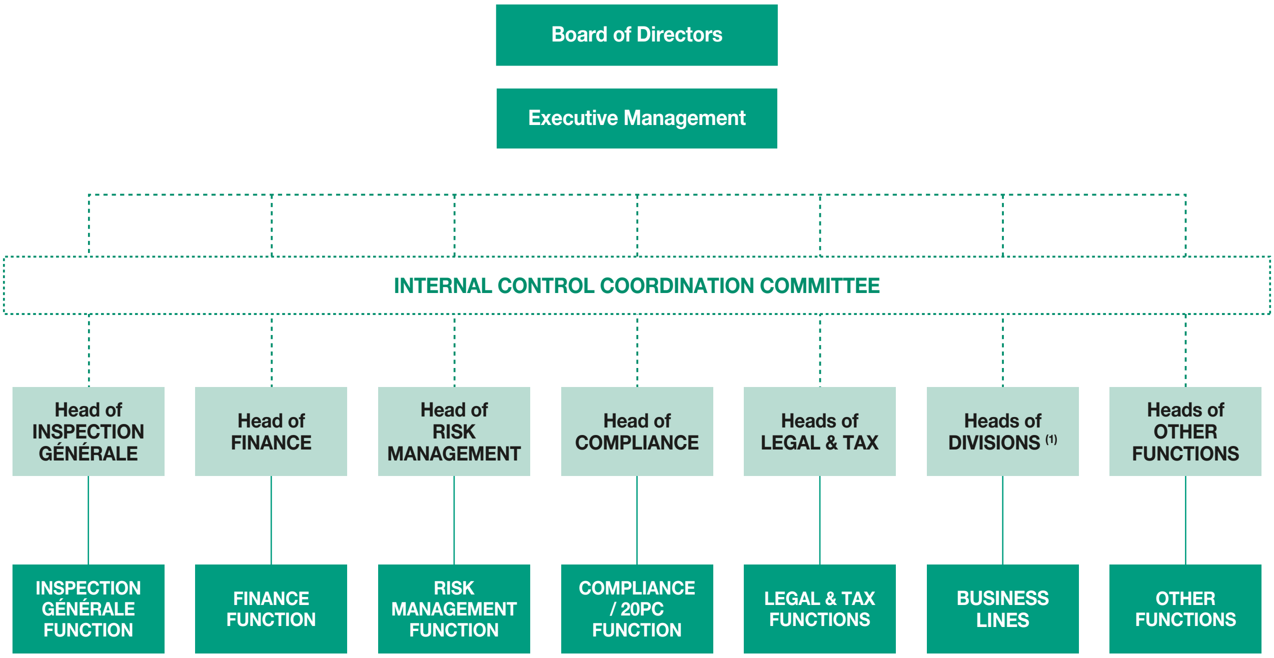
- **proportionality of risks**: the scope and number of controls must be proportional to the level of risk involved. These controls may consist in one or more controls carried out by operational managers and, if necessary, one or more permanent control functions; control exercised by an independent function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

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

ORGANISATION OF INTERNAL CONTROL

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

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



(1) Retail business lines are treated as divisions.

MAJOR PLAYERS INVOLVED WITH INTERNAL CONTROL

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

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

Lastly, its Head is responsible for coordinating the Group's overall internal control system, in chairing the Internal Control Coordination Committee and major cross-functional projects, in particular those intended to strengthen the internal control system,

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

  Periodic controls fall under the responsibility of the Head of *Inspection Générale* who reports to the Chief Executive Officer.
- The **Board of Directors** exercises internal control duties, in particular through the Internal Control, Risk Management and Compliance Committee, which:
  - analyses reports on internal control and on measuring and monitoring risks, as well as *Inspection Générale* reports on its operations, and exchanges of correspondence with the main regulators,
  - examines the key focuses of the Group's risk management policy.

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

COORDINATION OF INTERNAL CONTROL

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

This committee:

- is chaired by the Head of Compliance, who sits on the Group's Executive Committee, and steers the coordination of the Group's internal control;
- is not intended to replace the different Group Risk Management committees but to enhance their effectiveness within the overall system;
- guarantees the consistency of the internal control system and its compliance with regulations;
- seeks to promote the use of shared internal control tools;
- contributes to the overall consistency of the Annual Reports on internal control and investment services control prepared by the permanent control and periodic control functions as required under their "Charter of responsibilities", and of the report of the Chairman of the Board of Directors on internal control procedures.

In 2011, the ICCC addressed the following issues:

- updating the Internal Control Charter with clarification on the "second set of controls" principle, the escalation process, the duty to raise concerns, and the independence of the control functions;
- the Group's policy on penalties for misconduct by employees;
- the Group's policy on anti-corruption;
- the Group's policy on dealing with customer complaints.

PROCEDURES

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

Written guidelines are distributed throughout the Group and provide the basic framework for the Group's internal control, setting out the organisational structures, procedures and controls to be applied. The Compliance Function, at headquarters level, and in the context of the supervision of the permanent operational control system, checks that procedural guidelines are regularly monitored for completeness. Efforts are continuing to streamline the set of procedures and the applicable standards, improve their distribution and planning, make them more accessible and design better tools for storing them, both at the level of cross-functional procedures and procedures for operational entities (level-3 procedures).

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

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

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

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

HIGHLIGHTS OF 2011

Group Compliance

The structure of the Compliance Function remained unchanged in 2011. It is headed by a central unit, Group Compliance, supported by a network of Compliance Officers in the divisions, Retail businesses and Group functions.

Some major measures were taken to strengthen the Compliance system throughout the Group, including:

- updating the Internal Control Charter to include clarification on the "second set of controls" principle and the escalation process;
- updating the letters of engagement for the Heads of Compliance in the divisions, Retail business lines and Group functions.

In 2011, the following key actions were taken as a result of the Compliance Function's work:

- the corpus of Group standards was supplemented by several important documents setting out the Group's rules and standards on the penalties for misconduct by employees and the implementation of dedicated committees, organisation of relations with the French data protection authority (Commission nationale informatique et libertés), protection of personal data, corruption and data archiving;
- the scope of the "Protection of Clients' Interests" Committee created in 2010 was extended in terms of both the issues addressed and its members. The aim is to strengthen synergies between the various divisions and Retail businesses lines, efficiently circulate regulatory developments and spread best practices. A partnership with the Brand, Communication & Quality function aims to combine the quality approach (customer satisfaction) with the compliance approach (regulatory requirements). More particularly, the system for dealing with customer complaints is being reviewed and standards defined for the entire Group;
- as part of the competition law compliance programme, a network of correspondents has been set up in ten European countries. In these entities, the compliance and legal officers team up to ensure that the reference manuals are distributed locally, to identify the most exposed people and ensure that they participate in training programmes on competition law;
- during 2011, the Group continued to implement the third European Anti-Money Laundering directive, by swiftly incorporating the new guidelines published by the authorities and, in particular, the Autorité de Contrôle Prudentiel;
- there was a sharp increase in activity as regards compliance with financial sanctions, due to the increasing number and complexity of sanction programmes implemented as a result of the international geopolitical climate in 2011.

Permanent operational control

The Group's permanent control and operational risk management system is underpinned by two key principles: strong accountability of operational staff for risk management and second-level control over risk management by independent functions. In 2011 the system was rolled out to an increasing number of ex-Fortis entities, which are now close to convergence with Group standards. Several significant steps are worthy of particular mention:

- the new permanent control and operational risk management organisation defined in 2010 has been implemented. The role of the Group functions in this system have been sepcified, clarifying their responsibilities in both the processes for which they have direct line management responsibility and the processes and risks which they supervise on a functional level;
- a global anti-corruption policy has been defined, as well as the impacts of its implementation on the internal control system. In particular, the responsibilities defined within the fraud prevention and protection system have been extended to cover internal corruption while the Compliance Function's Financial Security unit is responsible for preventing and protecting against external corruption;
- the Group business continuity policy, including information systems continuity, was completely revised and aligned with the Group operational risk policy. The roles of the various parties have been clarified and an independent control responsibility clearly identified and attributed to the operational Risk Function;
- the implementation of standard controls for key business processes continues to be rolled out in the Group's various entities;
- one of the main priorities of 2011 was to strengthen the system for monitoring implementation of recommendations, particularly those made by *Inspection Générale* through a greater involvement of all management levels right up to the Group's Executive Committee. Significant results were obtained, with the number of failures to implement recommendations on a timely basis falling to record lows. Efforts will continue during 2012 for all recommendation types;
- the BNP Paribas method of calculating capital requirements for operational risk was deployed in the main Fortis entities that use the Advanced Measurement Approach (AMA). Authorisation for these entities to use the method is expected to be obtained in 2012.

The targets set for 2012 include further progress in timely implementation of recommendations, completing the deployment of standard controls and developing the independent control functions' oversight of the permanent control system.

Periodic control

In order to diversify and internationalise its staffing, *Inspection Générale* now has three central Inspection foreign antennas in Brussels, Asia and San Francisco. At the end of 2011, these antennas had some twenty internal auditors managed from Paris in the same way as the central team and assigned to Group-wide audits performed by the central unit.

With a view to improving its performance, *Inspection Générale* embarked on a project to upgrade its information systems at the end of 2010. An analysis carried out with Group Information Technology and Processes (ITP) provided the basis for formally defining the business processes and at the same time evaluating the functional adequacy, endurance and security of existing tools, particularly in view of the increased scope of activity and implementation of an integrated worldwide periodic control function.

In mid-2011, the decision was made to replace the existing applications with a GRC (Governance, Risks, Compliance) software suite. The second half of the year was devoted to discussions with developers short-listed as a result of the RFI (Request For Information) process and then to evaluating the proposed solutions with ITP.

Meanwhile, *Inspection Générale* revised its risk assessment model. The risk assessment is the unit's annual appraisal of the reliability of the internal control system across the auditable scope of BNP Paribas. It is built up in two separate stages. First, findings are made on site through audit assignments performed during the year. *Inspection Générale* then uses these findings at entity, business, division or Group level, taking account of any relevant external information (e.g. comments by the Statutory Auditors, regulators, Economic Research Department or other internal control functions in the Bank). The risk assessment is a synthesis of the work carried out by *Inspection Générale* during its audit assignments and summarised through the findings made.

In early 2012, *Inspection Générale* will select the software best suited to the function's needs while respecting the ITP's technical specifications, budget constraints and compliance with the Group's codes of conduct. The software should be deployed in early 2013 across the entire function and will be used to draw up the annual periodic control report and the risk assessment for the entire Group as of that year.

Still with a view to continuous progress in the quality of its work, the Quality Assurance Review (QAR) programme continued with five new assignments completed in 2011. Since its launch in November 2006, this programme has enabled the practices of all hubs to be benchmarked against professional standards and the reference framework defined by the function.

Significant further efforts were made in the area of vocational training. Thus, nearly 80,000 hours of training will have been completed in 2011 throughout *Inspection Générale*.

The number of certified auditors ("Certified International Auditors" – "CIA", "Certified Information System Auditors" – "CISA", etc.) has increased by 5% to 195. The ratio of certified auditors is 17% of total auditors.

THE INTERNAL CONTROL WORKFORCE

At the end of 2011, the various internal control functions had the following workforce (in full-time equivalent staff - FTEs):

	2006	2007	2008	2009 (excluding Fortis)	2009 (including Fortis)	2010	2011	Change 2011-2010
Compliance (excluding permanent control)	614	740	864	904	1,125	1,369	1,544(1)	13%
Permanent control/operational risk oversight	70	439	562	637	760	315(2)	394(1)	25%
Group Risk Management	869	881	954	950	2,940(3)	1,801	1,971	9%
Periodic control	902	854	828	824	1,016	1,014	1,107	9%
TOTAL	**2,455**	**2,914**	**3,208**	**3,315**	**5,841**	**4,499**	**5,016**	**11%**

(1) Estimates.
(2) After redeployment (see below).
(3) Before redeployment of Fortis employees (see below).

Second-level permanent control

- With an estimated 1,544 FTEs at the end of the 2011, the Compliance workforce grew by about 13% compared with over 21% the previous year. Growth should be limited to 2% in 2012.

  Among the main highlights of the year, the teams in Asia, Italy (BNL), USA (Bank of the West) and the UK were strengthened and also reorganised in the USA and UK.

  Conversely, other teams were rationalised and scaled down in Turkey and Ukraine, while the team in Libya was disbanded.

  Except for Bank of the West and a few Europe-Mediterranean and BNP Paribas Fortis entities, staffing levels in the Retail business lines remained unchanged as it did in the Group functions - with the exception of Group Compliance whose 2OPC, Financial Security and Services teams were strengthened by more than 35%, 19% and 15% respectively.

  The ratio of Compliance employees (excluding 2OPC) to total Group employees rose to 0.78% from 0.67% in 2010, illustrating the Group's focus on maintaining extremely high standards for internal control.
- The repositioning of the permanent control and operational risk oversight function decided upon in 2010 has led to a reallocation to the operational entities of part of the workforce (400 FTEs) previously counted as part of permanent operational control. With effect from 2010, only staff that can clearly be assigned to second-level controls/second line of defence functions will be counted. The 2010 figures are therefore not comparable with earlier figures. The change in 2011 was due to expansion of the oversight system, particularly at Bank of the West, the inclusion of the accounting risk control function at Group level, strengthening of the fraud prevention and protection teams and various adjustments in the Retail business lines.

- At the end of 2011, Group Risk Management, including the Risk Management Departments at BNP Paribas Fortis, BGL BNP Paribas, BNL and Personal Finance, employed a total of 1,971 FTEs.

  The scope has been enlarged with the integration of the BNL and Gulf regional teams. The system has also been strengthened to cope with the stricter regulatory requirements.

Periodic control

Inspection Générale employed 1,107 FTEs on 31 December 2011, including 1,043 FTEs devoted to the performance of audit (excluding the function's support staff) compared to 1,014 (957 excluding the function's support staff) at 31 December 2010.

The overall ratio of auditors to auditees was 0.56%.

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

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

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

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

The responsibilities of the Finance Function are exercised at different levels of the Group: within each accounting entity[1] by the local Finance Department function, at the level of each division/business line by the Finance Department function, and at the level of the Group by Group Development and Finance.

The production of accounting and financial data, and the controls designed to ensure their reliability, are first handled by the Finance Department of the accounting entity, which reports this information to the division and then on to the Group, certifying that it is reliable in accordance with the internal certification procedure described below.

For their part, the divisions/business lines/territories then perform controls on the data produced, and contribute to the quality of the financial statements prepared by the accounting entities, particularly by carrying out appropriate reconciliations between the accounting and management data, at their level.

Group Development and Finance gathers all the accounting and management information produced by the accounting entities through the reporting procedures formalised and approved by the divisions/business lines/territories. It then consolidates these data for use by Executive Management or for external reporting to third parties.

PRODUCTION OF ACCOUNTING AND FINANCIAL INFORMATION

Accounting policies and rules

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

The Accounting Policies Department within the central Group General Accounting Department defines the accounting policies to be applied on a Group-wide basis, which are based on IFRS. It monitors regulatory changes and prepares new internal accounting policies with the level of interpretation necessary to adapt them to the operations carried out by the Group. An IFRS accounting manual is available to accounting teams within divisions, business lines and entities on the internal network communication tools (Intranet) at BNP Paribas. It is regularly updated to reflect regulatory changes. This central department also handles requests for specific accounting studies made by the accounting entities or business lines when a financial product is designed or booked in the accounts.

The central Strategic Management Control Department (SMC) draws up management control rules that apply to all the Group's business lines. The Group's accounting and management control policies can be accessed in real time using internal network tools (Intranet).

Systems used

The role of dedicated teams within Group Development and Finance includes defining the target architecture of the Finance Department's information systems (accounting systems, cost-accounting systems, accounting and regulatory consolidated reporting systems and consolidated management reporting systems). They facilitate the sharing of information and the implementation of cross-functional projects in a context of increasing convergence of the different existing accounting platforms, both at Group and business line level.

The information used to prepare the BNP Paribas Group consolidated financial statements is derived from the Bank's various transaction processing systems, from origination by the front office through to their accounting entry. Dedicated teams are responsible for defining the accounting procedures used in the back office and accounting systems to apply the accounting principles established by the Accounting Policies

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

Department at operational level. Routing controls are performed at each level of the data transmission chain to ensure these systems are adequately fed. The Group also regularly carries out upgrade maintenance on its systems to adapt them to the growth in its business and the ever increasing need for regulatory reports.

Process for collecting and preparing consolidated accounting and financial information

The process for collecting accounting and financial information is organised around two separate reporting channels, one dedicated to accounting data and the other to management data, using the same integrated collection and consolidation software package known as MATISSE ("Management & Accounting Information System"); at local level, the Finance teams enter validated financial and accounting data into the system in accordance with Group principles.

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

- **accounting data**: the procedures for preparing the Group's financial statements are set out in the guidelines distributed to all divisions/business lines and consolidated entities. This facilitates the standardisation of accounting and financial data and compliance with Group accounting standards. Each Group entity closes its accounts on a monthly or quarterly basis and prepares a consolidation reporting package with an analytical review in accordance with Group reporting deadlines. The validation procedures which accompany each phase in the reporting process seek to verify that:
  - Group accounting standards have been correctly applied,
  - inter-company transactions have been correctly adjusted and eliminated for consolidation purposes,
  - pre-consolidation entries have been correctly recorded.

  The Finance Function of the relevant core business controls the consolidation packages from the accounting entities within its scope, notably performing consistency controls, targeted comprehensiveness controls and analytical review work. After this review, the consolidation packages are sent to Group Reporting, a Group Development and Finance Department responsible for preparing the consolidated financial statements;
- **management data**: management information is reported on a monthly basis by each entity and business line to the Finance Function of the relevant division and business line, which then reports management data consolidated at its level to Group Development and Finance's Strategic Management Control unit.

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

PROCEDURE FOR CONTROL OF ACCOUNTING AND FINANCIAL INFORMATION

Accounting internal control within Group Development and Finance

To enable it to ensure the monitoring of accounting risks centrally, Group Development and Finance has a "Control & Certification" Department, comprising, in particular, a "Group Control & Certification" team, which has the following key responsibilities:

- defining the Group's policy as regards the accounting internal control system. Under this system, the accounting entities implement principles that organise the accounting internal control environment and key controls intended to ensure the reliability of the information contained in their consolidation reporting package. The Group has issued accounting internal control guidelines for use by the consolidated entities and distributed a standard plan of accounting controls listing the mandatory major controls aimed at covering the accounting risk;
- ensuring the correct functioning of the accounting internal control environment within the Group, in particular through the internal certification procedure described below;
- quarterly reporting to Executive Management and the Financial Statements Committee of the Board of Directors on the quality of the financial statements being produced within the Group;
- monitoring implementation by the entities of the Statutory Auditors' recommendations in conjunction with the divisions/business lines. This monitoring is facilitated by use of the dedicated tool FACT (Finance Accounting Control Tool) which enables each accounting entity to monitor the recommendations made to it and to regularly report on the progress made on the various action plans. Group Development and Finance can use FACT to identify improvements to the accounting internal control system made within the consolidated entities, identify any cross-functional problems and, if necessary, revise the Group-level procedures and instructions.

These missions are passed on to the Finance Departments of the divisions and business lines by central accounting control teams, who oversee the entities closely and, if necessary, implement accounting control procedures geared to the specific needs of their scope. The implementation of the Group's accounting internal control principles, leads to the set-up of dedicated accounting control teams by the Finance Departments of Group entities.

In addition, the pooling approach to the production of accounting synthesis within the regional platforms that has been adopted within the Group allows for greater harmonisation of the reporting and control processes and increases their effectiveness within the entities concerned. This also ensures that the accounting control teams are the right size and have the right expertise for their needs.

For example, the Control & Certification France team, which reports to the Control & Certification Department, is in charge of controls over the quality of the accounting information of BNP Paribas SA (France) and some French entities whose accounting is handled by Group Development and Finance's Reporting France Department. The key responsibilities of this team are as follows:

- to liaise between the back offices feeding the accounting system and the Group Accounting Department and to provide training in the accounting tools made available to them;

- to coordinate the "elementary certification" process (described below) whereby the various departments of an entity report on the controls that they have carried out;
- to implement second-level accounting controls within all entities within its scope. In a centralised accounting framework, these controls are in addition to the first-level controls carried out by back offices, and particularly rely on accounting control tools that, for example, make it possible, in the case of each account, to identify the department responsible for its justification and control, to reconcile the balances recorded in the accounting system with the balances in the operational systems for each business, and to identify, justify and monitor the clearing of suspense accounts.

Internal Certification Process

At Group level

Group Development and Finance, using the FACT Internet/Intranet-based application, runs a process of internal certification of quarterly data produced by the different accounting entities, as well as of the controls performed within Finance Departments of the divisions/business lines and by Group Development and Finance's Consolidation Department.

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

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

The main certificate completed by the entities consolidated by global or proportional integration reproduces all of the major controls defined in the standard accounting control plan published by Group Development and Finance.

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

At entity level

The certification procedure vis-à-vis the Group requires a suitably adapted accounting internal control system for each entity that gives the local Finance Function an overview of the entire accounting process. The formalisation of the work of closing using tools to map the processes and associated risks makes it possible to document the controls and contributes to achieving this objective. In addition, "Group Control & Certification" recommends implementing an "elementary certification" (or "sub-certification") process for accounting data whenever the processing of transactions and the preparation of accounting and financial data are organised in a decentralised way that makes such a process necessary.

This is a process whereby the providers of information associated with the performance of accounting controls and with the preparation of accounting and financial data (e.g. middle office, back office, Human Resources, Accounts Payable, etc.) formally certify that the basic controls designed to ensure the reliability of the accounting and financial data for which they are responsible are working effectively. The elementary certificates are sent to the local Finance Department, which analyses them, prepares a summary report intended to be used to prepare the main certificate, and liaises with the other players in order to monitor the effectiveness of the system.

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

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

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

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

The purpose of these control procedures is as follows:

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

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

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

Committees that meet on a monthly basis are being set up to bring all of the players together to discuss the entire range of issues concerning the measurement and recognition of market transactions in the accounting systems. As part of the quarterly accounts closing process, CIB Finance reports back to an arbitration and decision-making committee ("PFC" – Product Financial Control Committee) chaired by the Group Chief Financial Officer on the actions of the CIB Financial Control teams and their work to enhance control effectiveness and the reliability of the measurement and recognition of the results of market transactions. This committee meets every quarter and brings together the Directors of Group Development and Finance-Accounting, Corporate Investment Banking and Group Risk Management.

PERIODIC CONTROL – CENTRAL ACCOUNTING INSPECTION TEAM

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

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

The core aims of the team are as follows:

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

DEVELOPMENT OF THE ACCOUNTING INTERNAL CONTROL SYSTEM

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

In 2011, the Fortis sub-group entities acquired in 2009 by BNP Paribas continued to deploy the Group's accounting internal control principles. These entities have contributed to the quarterly certification process of data reported to the Group since September 2010.

In addition, in liaison with the divisions and businesses, quality reviews of the certification process are systematically carried out, particularly through the deployment of indicators for certain controls. These reviews are accompanied by on site visits and the circulation of detailed certification instructions in order to ensure consistent use and adequate documentation of the process.

RELATIONS WITH THE GROUP'S STATUTORY AUDITORS

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

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

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

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

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

Financial reports are prepared for external publication by the Investor Relations and Financial Communications team, within Group Development and Finance, for the purpose of presenting the Group's different activities, explaining its financial results and providing details of its development strategy to individual shareholders, institutional investors, financial analysts and rating agencies.

The team, which reports to Executive Management and the Chief Financial Officer, devises the format in which financial information is published by the Group. It liaises with the divisions and functions when designing the presentation of the Group's results, strategic projects and special presentations for external publication.

Due to the growing demands of investors and the Group's determination to be at the leading edge of European corporate communications, BNP Paribas has adopted a detailed communications format designed to present its results to the financial markets on a quarterly basis. The Statutory Auditors are associated with the validation and review phase of press releases relating to the closing of quarterly, half-yearly or annual financial statements, before their presentation to the Financial Statements Committee and to the Board of Directors.

2.3 Statutory Auditors' report, prepared in accordance with article L.225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors of BNP Paribas

Deloitte & Associés
185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Regnault
92400 Courbevoie

For the year ended 31 December 2011

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

BNP Paribas

16 boulevard des Italiens

75009 Paris

To the Shareholders,

In our capacity as Statutory Auditors of BNP Paribas, and in accordance with article L.225-235 of the French Commercial Code (*Code de Commerce*), we hereby report to you on the report prepared by the Chairman of your company in accordance with article L.225-37 of the French Commercial Code for the year ended 31 December 2011.

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

It is our responsibility:

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

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

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

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

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

- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

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

Other information

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

Neuilly-sur-Seine and Courbevoie, 7 March 2012

The Statutory Auditors

Deloitte & Associés	**PricewaterhouseCoopers Audit**	**Mazars**
Pascal Colin	Patrice Morot	Guillaume Potel

2.4 Executive Committee

The BNP Paribas Executive Committee was composed of the following members at 31 December 2011:

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

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

(*) Member of the BNP Paribas Executive Committee since 1 December 2011.

3 2011 REVIEW OF OPERATIONS

3.1 BNP Paribas consolidated results

In millions of euros	2011	2010	2011/2010
Revenues	**42,384**	**43,880**	**-3.4%**
Operating Expenses and Dep.	(26,116)	(26,517)	-1.5%
Gross Operating Income	**16,268**	**17,363**	**-6.3%**
Cost of Risk	(6,797)	(4,802)	+41.5%
Operating Income	**9,741**	**12,561**	**-24.6%**
Share of Earnings of Associates	80	268	-70.1%
Other Non Operating Items	100	191	-47.6%
Non Operating Items	**180**	**459**	**-60.8%**
Pre-Tax Income	**9,651**	**13,020**	**-25.9%**
Corporate Income Tax	(2,757)	(3,856)	-28.5%
Net Income Attributable to Minority Interests	(844)	(1,321)	-36.1%
Net Income Attributable to Equity Holders	**6,050**	**7,843**	**-22.9%**
Cost/Income	61.6%	60.4%	+1.2 pt

EUR 6 BILLION IN NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS, DESPITE THE GREEK SOVEREIGN DEBT IMPAIRMENT INCREASING THE PROVISION TO 75% OF THE TOTAL GREEK DEBT EXPOSURE, CONFIRMING THE ROBUSTNESS OF BNP PARIBAS' BUSINESS MODEL

The second half of 2011 was marked by the European authorities' decision not to cover the full amount of the Greek sovereign debt, the sovereign debt crisis of certain eurozone countries, plummeting equity markets, liquidity and refinancing tensions as well as the more stringent solvency requirements of the European Banking Authority (EBA). In the circumstance, the Group increased the provision covering its Greek sovereign debt to 75% and substantially reduced its sovereign debt outstandings (-29%), taking a EUR 872 million loss. It also contracted its medium- and long-term funding needs in dollars (USD -53 billion) and grew its medium- and long-term debt issues (EUR 43 billion as compared to 35 billion planned). Lastly, the Group has introduced a plan to deleverage its balance sheet and downsize its business operations in order to generate a further +100 bp in common equity Tier 1 ratio by the end of 2012. One-third has already been completed.

In this exceptional environment, the Group generated EUR 42,384 million in revenues[(1)], down 3.4% compared to 2010. Operating expenses came to EUR 26,116 million (-1.5%)[(2)] and gross operating income was down 6.3% to EUR 16,268 million. Due to the Greek sovereign debt provision (EUR -3,241 million), the cost of risk is up 41.5% to EUR 6,797 million. Excluding this effect, it was down 25.9% to EUR 3,556 million. After the impact of Greek sovereign debt impairment in the insurance partnerships (EUR -213 million), the pre-tax income was down 25.9% to EUR 9,651 million. After the corporate tax charge (EUR -2,757 million) and minority interests (EUR -844 million), net income attributable to equity holders came to EUR 6,050 million, down 22.9% compared to 2010.

Despite this exceptionally challenging environment, the Group has confirmed its expertise in corporate integration. The successful integration of BNP Paribas Fortis and BGL BNP Paribas with the Group thanks to the dedication of the teams in all of the territories and business units produced EUR 1,127 million in synergies already in 2011, an amount close to the EUR 1,200 million target set for 2012. An additional EUR 300 million per year starting in 2012 will bring the total amount of synergies to EUR 1,500 million compared to 900 million initially planned. The corresponding residual restructuring costs will total EUR 300 million in 2012.

Return on equity was 8.8% compared to 12.3% in 2010.

(1) Exceptional revenue items offset one another, save for EUR 35 million: losses from sovereign bond sales (EUR -872 million), losses from loan sales (EUR -152 million), the impairment of the equity investment in AXA (EUR -299 million), own debt revaluation (EUR +1,190 million) and a one-off amortisation of Fortis PPA (EUR +168 million).

(2) Exceptional operating expense items offset each other, save for EUR 14 million: cost of the adaptation plan (EUR -239 million), reversal of provision due to the favourable outcome of litigation (EUR +253 million).

Net earnings per share were EUR 4.82 compared to EUR 6.33 in 2010. The net book value per share, which totalled EUR 58.2, was up 5.0% compared to 2010. It has increased 35.7% since 2006, the last year before the crisis began. So, BNP Paribas' business model generates robust growth in net book value per share throughout the cycle.

The Board of Directors will propose to shareholders to pay a dividend of EUR 1.20 per share, which equates to a 25.1% pay-out ratio, payable in cash or shares[(1)]. This allocation of earnings will enable the Group to reinvest at least three-quarters of profits back into the Company to reinforce the shareholders' equity and protect the Group's ability to finance its customers.

Capital allocation

Revenue from the capital allocated to each division is included in the division's profit and loss account. The capital allocated to each division corresponds to the amount required to comply with European Solvency Ratio requirements under Basel 2, and is based on 7% of risk-weighted assets. Risk-weighted assets are calculated as the sum of:

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

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

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

3.2 Core business results

RETAIL BANKING

All the retail banking business units had very strong business performances, driven in part by deposit and loan volume growth. The cost of risk contraction in all the business units enabled Retail Banking to generate a pre-tax income[(2)] increasing by 22.8% compared to 2010, after allocating one-third of French, Italian and Belgian Private Banking's' net income to the Investment Solutions division, which equates to a 23% pre-tax return on equity, a 4pts jump for the period.

(1) Subject to shareholder approval, ex-dividend date 30 May 2012 and payment on 26 June 2012.

(2) Excluding PEL/CEL effects.

FRENCH RETAIL BANKING (FRB)

In millions of euros	2011	2010	2011/2010
Revenues	**6,968**	**6,849**	**+1.7%**
Incl. Net Interest Income	*4,097*	*4,003*	*+2.3%*
Incl. Commissions	*2,871*	*2,846*	*+0.9%*
Operating Expenses and Dep.	(4,573)	(4,514)	+1.3%
Gross Operating Income	**2,395**	**2,335**	**+2.6%**
Cost of Risk	(315)	(482)	-34.6%
Operating Income	**2,080**	**1,853**	**+12.3%**
Non Operating Items	3	4	-25.0%
Pre-Tax Income	**2,083**	**1,857**	**+12.2%**
Income Attributable to Investment Solutions	(124)	(116)	+6.9%
Pre-Tax Income of FRB	**1,959**	**1,741**	**+12.5%**
Cost/Income	65.6%	65.9%	-0.3 pt
Allocated Equity *(€bn)*	6.0	5.8	+4.0%

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

For the whole of 2011, FRB continued to improve its customer relations organisation: 46 Small Business Centres are now open and the BNP Paribas Mobile service offering got off to a successful start. This organisation, combined with the tremendous dedication of staff in actively supporting customers in financing their projects, helped FRB generate sustained business activity: outstanding loans are up 5.2% compared to 2010, driven by strong growth in loans to individuals (+7.0%), which slowed down at the end of the year in mortgage lending, whilst outstanding corporate loans (+3.1%) marked an acceleration. The successful initiatives rolled out for the benefit of small businesses, VSEs and SMEs, originated EUR 9.2 billion in new loans in 2011.

Deposit growth, the outstandings of which attained EUR 113.6 billion, was vigorous and outpaced loan growth: +8.4% on average compared to 2010. They benefited from a favourable structural effect with strong sight deposit growth (+7.2%) and savings account growth (+10.6%), whilst market rate deposits declined at the end of the year.

Thanks to this solid sales and marketing drive, revenues[(1)] grew to EUR 6,968 million (+1.7% compared to 2010): net interest income (+2,3%) was driven by volume growth and the favourable structural trend in deposits whilst fee growth was limited at 0.9%.

At EUR 4,573 million, operating expenses[(1)] edged up 1.3%, affected by exceptional profit-sharing and bank levies. Excluding this effect, their growth was contained at 0.4%. This good operating performance helped FRB generate 2.6% gross operating income[(1)] growth and a further 0.3pt improvement of the cost/income ratio, bringing it to 65.6%. The cost of risk[(1)], at 22 bp of outstanding customer loans, was particularly low for the whole year, down 13 bp compared to 2010.

After allocating one-third of French Private Banking's net income to the Investment Solutions division, pre-tax income, which totalled EUR 1,959 million, was up 12.5% compared to 2010.

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

BNL BANCA COMMERCIALE (BNL BC)

In millions of euros	2011	2010	2011/2010
Revenues	**3,140**	**3,060**	**+2.6%**
Operating Expenses and Dep.	(1,829)	(1,798)	+1.7%
Gross Operating Income	**1,311**	**1,262**	**+3.9%**
Cost of Risk	(795)	(817)	-2.7%
Operating Income	**516**	**445**	**+16.0%**
Non Operating Items	(0)	(2)	n.s.
Pre-Tax Income	**516**	**443**	**+16.5%**
Income Attributable to Investment Solutions	(14)	(11)	+27.3%
Pre-Tax Income of BNL bc	**502**	**432**	**+16.2%**
Cost/Income	58.2%	58.8%	-0.6 pt
Allocated Equity *(€bn)*	5.0	4.8	+3.8%

Including 100% of Italian private banking for Revenues to Pre-tax Income line items

For the whole of 2011, in a challenging economic environment, BNL bc continued to upgrade its customer relations organisation with the opening of 27 new branches, bringing to 180 the total number of branches opened in four years and 19 Small Business Centres. As a result of the "One bank for corporate in Europe" campaign, the number of accounts opened by Italian companies worldwide in BNP Paribas' global networks grew 41%.

Loan growth (+4.7%) is due to the rise in corporate loans (+6.4%) driven by factoring, whilst the trend in loans to individuals (+2.6%) was affected by a slowdown in mortgage growth (+1.4%). Deposits were down 3.0% for the period due to strong competitive rates on term deposits that BNL bc faces in Italy and households switch, especially in the fourth quarter, to Italian government bonds.

Revenues[(1)], at EUR 3,140 million, were up 2.6% compared to 2010, with a balanced contribution of net interest revenues (+2.4%) driven by volumes, and fee growth (+2.9%), thanks to the solid business with individuals and corporates, especially flow products (Cash Management, Factoring, Fixed Income).

Even though 27 new branches and 19 Small Business Centres were opened in 2011, operating expenses[(1)] rose only 1.7%. Excluding bank levies, the growth was contained at +0.9%. This excellent operating performance is reflected in 3.9% gross operating income[(1)] growth at EUR 1,311 million and a further 0.6pt improvement in the cost/income ratio at 58.2%. Since 2006, when BNL bc was integrated into BNP Paribas, the Italian network has regularly improved its operating efficiency, positioning it now amongst the best comparable banks.

In a challenging economic environment, the cost of risk[(1)] remained stable throughout the period at a high level (98 bp). As a proportion of outstandings, it was down 9 bp compared to 2010.

BNL bc thereby generated EUR 502 million in pre-tax income, after allocating one-third of Italian Private Banking's net income to the Investment Solutions division, up 16.2% compared to 2010.

(1) With 100% of Italian Private Banking.

BELUX RETAIL BANKING (BELUX RB)

In millions of euros	2011	2010	2011/2010
Revenues	**3,555**	**3,388**	**+4.9%**
Operating Expenses and Dep.	(2,509)	(2,420)	+3.7%
Gross Operating Income	**1,046**	**968**	**+8.1%**
Cost of Risk	(170)	(219)	-22.4%
Operating Income	**876**	**749**	**+17.0%**
Non Operating Items	12	4	n.s.
Pre-Tax Income	**888**	**753**	**+17.9%**
Income Attributable to Investment Solutions	(69)	(64)	+7.8%
Pre-Tax Income of BeLux Retail Banking	**819**	**689**	**+18.9%**
Cost/Income	70.6%	71.4%	-0.8 pt
Allocated Equity *(€bn)*	3.1	2.9	+7.8%

Including 100% of Belgian private banking for Revenues to Pre-tax Income line items

For the whole of 2011, thanks to the dedication of the teams actively working with customers to finance their projects, outstanding loans grew 5.5% compared to 2010, driven by the increase in loans to individuals (+7.2%). Corporate loans grew on average by 2.3%, the decline in large corporations' financing needs being more than offset by the rise in loans to SMEs. Deposit outstandings, which totalled EUR 102 billion, grew at a fast pace (+7.5%) with a favourable structural effect, the gathering of sight deposits (+8.9%) and savings accounts (+7.5%) being greater than term deposits gathered (+5.2%).

Through the acquisition of Fortis Commercial Finance, no. 1 in factoring in Belgium, BeLux Retail Banking continued to improve its customer relations organisation.

Revenues(1), which came to EUR 3,555 million, were up 4.9% compared to 2010, driven by net interest income growth as a result of volume growth.

With the hiring of sales and marketing staff, operating expenses(1) were up 3.7% compared to 2010. Thus, BeLux Retail Banking posted gross operating income(1) up 8.1% for the period at EUR 1,046 million, and the cost/income ratio improved a further 0.8 pt to 70.6%.

The cost of risk(1), at 19 bp of outstanding customer loans, was maintained at an especially low level throughout 2011, down 7 bp compared to what it was in 2010.

After allocating one-third of Belgian Private Banking's net income to the Investment Solutions division, BeLux Retail Banking's pre-tax income, which totalled EUR 819 million, was up 18.9% for the period.

EUROPE-MEDITERRANEAN

In millions of euros	2011	2010	2011/2010
Revenues	**1,586**	**1,682**	**-5.7%**
Operating Expenses and Dep.	(1,277)	(1,303)	-2.0%
Gross Operating Income	**309**	**379**	**-18.5%**
Cost of Risk	(268)	(346)	-22.5%
Operating Income	**41**	**33**	**+24.2%**
Share of Earnings of Associates	50	51	-2.0%
Other Non Operating Items	20	2	n.s.
Pre-Tax Income	**111**	**86**	**+29.1%**
Cost/Income	80.5%	77.5%	+3.0 pts
Allocated Equity *(€bn)*	2.6	2.5	+6.9%

For the whole of 2011, Europe-Mediterranean continued its selective business development as illustrated by the solid deposit growth (+11.6%(2)) achieved in most countries, especially in Turkey, and loan growth (+7.3%(2)). In Turkey, the integration of the two entities is ahead of the schedule announced: the operational merger was successfully achieved and the streamlining of the network has been completed.

(1) With 100% of Belgian Private Banking.

(2) At constant scope and exchange rates.

Revenues totalled EUR 1,586 million, up slightly (+0.7%[1]) compared to 2010. Excluding Ukraine, it rose 2.1%[1] as growth in the Mediterranean was vigorous (+10.6%[1]).

Operating expenses rose 4.5%[1] to reach EUR 1,277 million after the opening of 46 branches in the Mediterranean, of which 32 in Morocco. Thanks to cost of risk contraction, at 115 bp compared to 146 bp in 2010, operating income was EUR 41 million.

As a result of capital gains (EUR +25 million) from the sale of the Madagascar network in the third quarter of the year, Europe-Mediterranean posted EUR 111 million in pre-tax income, up 66.5%[1] compared to 2010.

BANCWEST

In millions of euros	2011	2010	2011/2010
Revenues	**2,187**	**2,284**	**-4.2%**
Operating Expenses and Dep.	(1,241)	(1,250)	-0.7%
Gross Operating Income	**946**	**1,034**	**-8.5%**
Cost of Risk	(256)	(465)	-44.9%
Operating Income	**690**	**569**	**+21.3%**
Share of Earnings of Associates	0	0	n.s.
Other Non Operating Items	1	4	-75.0%
Pre-Tax Income	**691**	**573**	**+20.6%**
Cost/Income	56.7%	54.7%	+2.0 pts
Allocated Equity *(€bn)*	2.9	3.2	-9.0%

For the whole of 2011, BancWest benefited from the gradual improvement of the US economy. It managed to grow its core deposits substantially and on a regular basis, thereby achieving average growth of +10.6%[2] compared to 2010 and bringing the growth of all deposits to +6.6%[2]. Loans were down 0.8%[2] on average compared to 2010 due to lower outstanding mortgages (-6.7%[2]), but up in the second half of the year due to a rebound in corporate loans (+3.3%[2] in the fourth quarter 2011 compared to the previous quarter).

Revenues, which totalled EUR 2,187 million, were down 4.2% compared to 2010. At constant exchange rates, they were up only 0.5%, affected in part by regulatory changes affecting interchange and overdraft fees.

Operating expenses were down 0.7% (+3.4% at constant scope and excluding bank levies) compared to a limited base in 2010 after the 2009 cost-cutting programme. They include the cost to bolster the sales and marketing organisation in the corporate segment and to roll out the Private Banking offering; they were also adversely affected by expenses undertaken as a result of the new regulations.

Thus, the cost/income ratio was 56.7%, up 2pts during the period, and remained very competitive. Gross operating income, which came to EUR 946 million, was down -8.5% compared to 2010 (-3.9%[2]).

The cost of risk benefited from the improved economic environment and continued its sharp decline which began in 2010. It was 69 bp compared to 119 bp in 2010. The doubtful loan rate has been down quarter after quarter and was 1.83% in the fourth quarter 2011 compared to 2.96% in the fourth quarter 2010.

So, despite the impact of the new regulations on operating performance, BancWest's pre-tax income soared to EUR 691 million (+26.7%[2] compared to 2010).

(1) At constant scope and exchange rates.

(2) At constant exchange rates. The average value of the dollar in relation to the euro in 2011 was 4.8% below its average value in 2010.

PERSONAL FINANCE

In millions of euros	2011	2010	2011/2010
Revenues	**5,092**	**5,021**	**+1.4%**
Operating Expenses and Dep.	(2,420)	(2,311)	+4.7%
Gross Operating Income	**2,672**	**2,710**	**-1.4%**
Cost of Risk	(1,639)	(1,913)	-14.3%
Operating Income	**1,033**	**797**	**+29.6%**
Share of Earnings of Associates	95	83	+14.5%
Other Non Operating Items	65	11	n.s.
Pre-Tax Income	**1,193**	**891**	**+33.9%**
Cost/Income	47.5%	46.0%	+1.5 pts
Allocated Equity *(€bn)*	4.0	3.9	+2.3%

For the whole of 2011, in a business and regulatory environment undergoing radical changes, Personal Finance continued to adapt its business model and pursued its selective growth and industrialisation strategy: PF signed a partnership deal in December with Sberbank, Russia's leading bank, to expand consumer lending at points of sale; developed Cetelem Bank by gathering savings and selling protection insurance products; implemented adaptation plans in mortgage lending. In addition, as part of its pledge to be a committed socially responsible player, the business unit eased access to credit for persons on short-term employment contracts and developed preventive solutions for customers experiencing temporary hardship.

Revenues, adversely affected by more stringent consumer lending regulations, particularly in France and Italy, was up only 1.4% compared to 2010, at EUR 5,092 million, despite the 5.4% growth in consolidated outstandings.

Operating expenses rose 4.7% (+4.3% excluding bank levies). They were affected by costs (EUR 40 million) associated with the implementation of measures to adapt to the new regulations. Continued massive upgrade and business development investments will make it possible, specifically in connection with the partnership with BPCE, to create a state-of-the-art shared IT platform to manage consumer loans.

Thus, gross operating income, at EUR 2,672 million, was down 1.4% and the cost/income ratio, which came to 47.5%, was up 1.5 pt for the period.

The cost of risk, which totalled EUR 1,639 million (or 183 bp of outstandings), was down 14.3% compared to 2010 (-43 bp). The trend was positive in all the countries, with the exception of Laser Cofinoga.

Operating performance held up well in an environment undergoing radical changes, cost of risk contracted and EUR 63 million in capital gains from the sale of a building helped Personal Finance generate EUR 1,193 million in pre-tax income, up 33.9% compared to 2010.

EQUIPMENT SOLUTIONS

In millions of euros	2011	2010	2011/2010
Revenues	**1,571**	**1,465**	**+7.2%**
Operating Expenses and Dep.	(832)	(783)	+6.3%
Gross Operating Income	**739**	**682**	**+8.4%**
Cost of Risk	(125)	(255)	-51.0%
Operating Income	**614**	**427**	**+43.8%**
Share of Earnings of Associates	10	(31)	n.s.
Other Non Operating Items	5	1	n.s.
Pre-Tax Income	**629**	**397**	**+58.4%**
Cost/Income	53.0%	53.4%	-0.4 pt
Allocated Equity *(€bn)*	2.2	2.1	+6.0%

For the whole of 2011, Equipment Solutions' revenues, at EUR 1,571 million, were up 7.2% compared to 2010 thanks to the fact that used vehicle prices and Leasing Solutions' revenues held up well. As a result of the refocusing of the leasing business to comply with Basel 3, by reducing real estate leasing among other things, operating expenses incorporated EUR 15 million in adaptation costs, growing 6.3% during the period (+5.1% excluding bank levies). Thus, Equipment Solutions generated gross operating income up 8.4%. This operating performance combined with the substantial cost of risk contraction (-51.0%), the case in all of Europe, including in associated consolidated companies, helped Equipment Solutions generate EUR 629 million in pre-tax income, up 58.4% compared to 2010.

INVESTMENT SOLUTIONS

In millions of euros	2011	2010	2011/2010
Revenues	**6,265**	**6,096**	**+2.8%**
Operating Expenses and Dep.	(4,554)	(4,297)	+6.0%
Gross Operating Income	**1,711**	**1,799**	**-4.9%**
Cost of Risk	(64)	21	n.s.
Operating Income	**1,647**	**1,820**	**-9.5%**
Share of Earnings of Associates	(134)	101	n.s.
Other Non Operating Items	60	61	-1.6%
Pre-Tax Income	**1,573**	**1,982**	**-20.6%**
Cost/Income	72.7%	70.5%	+2.2 pts
Allocated Equity *(€bn)*	7.3	6.5	+12.2%

As at 31 December 2011, assets under management, which totalled EUR 842 billion, were down 6.5% compared to 31 December 2010 and 1.0% compared to 30 September 2011: the plummeting of equity markets in the second half of the year reduced the value of the portfolio and amplified the effects of the substantial asset outflows in Asset Management (EUR -35.7 billion) in a general context of asset outflows in Continental Europe. In all the other business units, there were asset inflows: EUR +3.5 billion in Private Banking, essentially in domestic markets and in Asia; EUR +1.7 billion at Personal Investors, especially in Germany, and EUR +2.4 billion in Insurance thanks to solid asset inflows in Belgium, Luxembourg and Asia.

For the whole of 2011, in an environment unfavourable for financial savings, the division's revenues, sustained by a diversified business mix, grew 2.8% compared to 2010 to EUR 6,265 million, the decline in revenues in Asset Management (-9.9%) being more than offset by rise in the other business units (+5.9%). Revenues from Wealth and Asset Management, excluding Asset Management, grew 3.9% thanks to the resilience of Weath Management, Personal Investors and Real Estate Services. Despite the contraction of the life insurance market in France, revenues from Insurance were up 4.7% driven in part by good growth in the protection insurance business outside France. Revenues from Securities Services jumped 11.0%, as a result of the combined effect of growth in assets under administration (+7.4%) associated with the winning of new mandates, higher transaction volumes (+4.4%) and higher short-term interest rates in the first half of the year.

Operating expenses, which came to EUR 4,554 million, were up 6.0% compared to 2010. They are driven, in Insurance (+9.0%) and Securities Services (+9.3%), by business development investments. Wealth and Asset Management's operating expenses (+3.5%) were adversely affected by the cost of implementing the adaptation plan in Asset Management (EUR 46 million in the fourth quarter). Excluding this effect, their growth was limited to 1.6%.

The Greek sovereign debt provision weighed on Insurance's results to the tune of EUR -80 million for the cost of risk and EUR -213 million for the contribution of associated companies.

So, after receiving one-third of the net income of domestic private banking, the Investment Solutions division generated EUR 1,573 million in pre-tax income, down 20.6% compared to 2010. Excluding the effect of Greek sovereign debt provisions, the decline was limited to 5.8%. Pre-tax return on equity was 22%. Excluding the Greek sovereign debt provisions, it reached 26%.

WEALTH AND ASSET MANAGEMENT

In millions of euros	2011	2010	2011/2010
Revenues	**3,304**	**3,340**	**-1.1%**
Operating Expenses and Dep.	(2,521)	(2,435)	+3.5%
Gross Operating Income	**783**	**905**	**-13.5%**
Cost of Risk	6	24	-75.0%
Operating Income	**789**	**929**	**-15.1%**
Share of Earnings of Associates	33	28	+17.9%
Other Non Operating Items	63	40	+57.5%
Pre-Tax Income	**885**	**997**	**-11.2%**
Cost/Income	76.3%	72.9%	+3.4 pts
Allocated Equity *(€bn)*	1.6	1.6	+2.0%

INSURANCE

In millions of euros	2011	2010	2011/2010
Revenues	**1,626**	**1,553**	**+4.7%**
Operating Expenses and Dep.	(910)	(835)	+9.0%
Gross Operating Income	**716**	**718**	**-0.3%**
Cost of Risk	(71)	(3)	n.s.
Operating Income	**645**	**715**	**-9.8%**
Share of Earnings of Associates	(166)	73	n.s.
Other Non Operating Items	(3)	21	n.s.
Pre-Tax Income	**476**	**809**	**-41.2%**
Cost/Income	56.0%	53.8%	+2.2 pts
Allocated Equity *(€bn)*	5.3	4.6	+13.8%

SECURITIES SERVICES

In millions of euros	2011	2010	2011/2010
Revenues	**1,335**	**1,203**	**+11.0%**
Operating Expenses and Dep.	(1,123)	(1,027)	+9.3%
Gross Operating Income	**212**	**176**	**+20.5%**
Cost of Risk	1	0	n.s.
Operating Income	**213**	**176**	**+21.0%**
Other Non Operating Items	(1)	0	n.s.
Pre-Tax Income	**212**	**176**	**+20.5%**
Cost/Income	84.1%	85.4%	-1.3 pt
Allocated Equity *(€bn)*	0.4	0.3	+38.1%

CORPORATE AND INVESTMENT BANKING (CIB)

In millions of euros	2011	2010	2011/2010
Revenues	**9,731**	**12,136**	**-19.8%**
Operating Expenses and Dep.	(6,126)	(6,500)	-5.8%
Gross Operating Income	**3,605**	**5,636**	**-36.0%**
Cost of Risk	(75)	(350)	-78.6%
Operating Income	**3,530**	**5,286**	**-33.2%**
Share of Earnings of Associates	38	75	-49.3%
Other Non Operating Items	42	19	n.s.
Pre-Tax Income	**3,610**	**5,380**	**-32.9%**
Cost/Income	63.0%	53.6%	+9.4 pts
Allocated Equity *(€bn)*	13.2	14.5	-8.9%

For the whole of 2011, CIB's revenues totalled EUR 9,731 million, down 19.8% compared to 2010. Revenues were adversely affected by the eurozone crisis since the summer, to which were added one-off losses from sales of sovereign bonds in the treasury portfolio (EUR -872 million) and from loan sales by the financing businesses (EUR -152 million) as part of the adaptation plan. Excluding these one-off losses, CIB's revenues were down only 11.4% compared to 2010.

The division's operating expenses, at EUR 6,126 million, were down 5.8% compared to 2010, and even 10.0%, excluding bank levies (EUR 93 million) and the costs of the adaptation plan (EUR 184 million), thanks to the cost flexibility of capital market activities. The workforce adaptation plan is under way and over 40% already completed.

The cost/income ratio was thus 63%, still one of the best in the sector.

The division's cost of risk was EUR 75 million, down considerably compared to 2010 (EUR 350 million). CIB's pre-tax income was thus EUR 3,610 million, down 32.9% compared to last year in a particularly unfavourable market environment in the second half of the year.

This performance illustrates again this year the quality of the CIB franchise, its robust client activity and its operating efficiency maintained at the highest level.

The division has continued to rapidly adapt to the new regulation by downsizing its business. Funding needs in US dollars were reduced by USD 57 billion in the second half of the year, way ahead of the target to reduce funding needs by USD 60 billion by the end of 2012; the target has now been raised to USD 65 billion. Risk-weighted assets have been reduced by EUR 22 billion and allocated equity by EUR 1.3 billion, which equates to an 8.9% reduction compared to 2010. Thus, pre-tax return on equity came to 27%.

ADVISORY AND CAPITAL MARKETS

In millions of euros	2011	2010	2011/2010
Revenues	**5,598**	**7,641**	**-26.7%**
Incl. Equity and Advisory	*2,067*	*2,222*	*-7.0%*
Incl. Fixed Income	*3,531*	*5,419*	*-34.8%*
Operating Expenses and Dep.	(4,377)	(4,770)	-8.2%
Gross Operating Income	**1,221**	**2,871**	**-57.5%**
Cost of Risk	21	(302)	n.s.
Operating Income	**1,242**	**2,569**	**-51.7%**
Share of Earnings of Associates	17	32	-46.9%
Other Non Operating Items	13	13	+0.0%
Pre-Tax Income	**1,272**	**2,614**	**-51.3%**
Cost/Income	78.2%	62.4%	+15.8 pts
Allocated Equity *(€bn)*	5.3	5.9	-10.3%

Revenues from Capital Markets, at EUR 5,598 million, were down 26.7% for the year. Excluding losses from sovereign bond sales, the decline is 15.3%, illustrating the resilience of client activity in very unfavourable markets in the second half of the year.

Fixed Income's revenues were down 18.8%, excluding losses from sovereign bond sales, due in part to the reduced level of activity and high volatility in the markets because of concerns over the eurozone in the second half of the year. Against this backdrop, the business unit is pursuing its strategy to service its client in the markets, confirming its leading position in bond issues in euros and becoming no. 4 for international bonds in all currencies.

Revenues from the Equities and Advisory business unit, at EUR 2,067 million, were down 7.0% compared to 2010 and the client activity held up well despite falling equity markets. Serving its clients in the markets, the Bank ranked no. 2 in the Europe, Middle East and Africa (EMEA) region in equity-linked product issues. In a difficult year for mergers and acquisitions, BNP Paribas ranked no. 9 in Europe for completed deals.

FINANCING BUSINESSES

In millions of euros	2011	2010	2011/2010
Revenues	**4,133**	**4,495**	**-8.1%**
Operating Expenses and Dep.	(1,749)	(1,730)	+1.1%
Gross Operating Income	**2,384**	**2,765**	**-13.8%**
Cost of Risk	(96)	(48)	+100.0%
Operating Income	**2,288**	**2,717**	**-15.8%**
Non Operating Items	50	49	+2.0%
Pre-Tax Income	**2,338**	**2,766**	**-15.5%**
Cost/Income	42.3%	38.5%	+3.8 pts
Allocated Equity *(€bn)*	7.9	8.6	-7.9%

Revenues from the Financing Businesses were EUR 4,133 million, down 8.1% compared to 2010. Excluding the impact of loan sales, the decline was 4.7% in the context of an average 4.8% depreciation of the dollar during the period and a reduction of the origination business to adapt to the new regulations.

CORPORATE CENTRE

In millions of euros	2011	2010
Revenues	**2,725**	**2,309**
Operating Expenses and Dep.	(965)	(1,537)
Incl. Restructuring Costs	(603)	(780)
Gross Operating Income	**1,760**	**772**
Cost of Risk	(3,093)	26
Operating Income	**(1,333)**	**798**
Share of Earnings of Associates	12	(14)
Non Operating Items	(98)	90
Pre-Tax Income	**(1,419)**	**874**

For the whole of 2011, Corporate Centre revenues were EUR 2,725 million compared to EUR 2,309 million in 2010. They factor in fair value changes of the Group's own debt (EUR +1,190 millions compared to EUR +95 million in 2010), the impairment of the equity investment in AXA (EUR -299 million compared to EUR -534 million in 2010), a one-off amortisation of purchase price accounting at Fortis due to disposals and early redemptions (EUR +168 million compared to EUR +630 million in 2010) and they also include a regular amortisation of the purchase price accounting in the Fortis banking book of EUR +658 million (compared to +666 million in 2010).

Operating expenses dropped to EUR -965 million compared to EUR -1,537 million in 2010, due to lower restructuring costs (EUR -603 million compared to EUR -780 million) and the reversal of provision due to the favourable outcome of litigation (EUR +253 million in the fourth quarter 2011). The cost of risk reflects the provision to cover the Greek sovereign debt (EUR -3 161 million) and came to EUR -3,093 million compared to write-back of EUR +26 million in 2010.

After EUR 152 million in goodwill impairments in the fourth quarter of the year, Corporate Centre's pre-tax income came to EUR -1,419 million compared to EUR +874 million in 2010.

3.3 Selected exposures based on Financial Stability Board recommendations

FUNDING THROUGH PROPRIETARY SECURITISATION

Cash securitisation as at 31 December 2011 *In billions of euros*	Amount of securitised assets	Amount of notes	Securitised positions held	
			First losses	Others
Personal Finance	5.5	5.5	0.2	1.7
o/w Residential loans	*5.1*	*5.2*	*0.2*	*1.7*
o/w Consumer loans	*0.1*	*0.0*	*0.0*	-
o/w Lease receivables	*0.3*	*0.3*	*0.0*	*0.1*
BNL	2.6	2.5	0.1	0.2
o/w Residential loans	*2.6*	*2.5*	*0.1*	*0.2*
o/w Consumer loans	-	-	-	-
o/w Lease receivables	-	-	-	-
o/w Public sector	-	-	-	-
TOTAL	**8.1**	**8.0**	**0.3**	**1.9**

EUR 8.1 billion of loans had been refinanced through securitisation at 31 December 2011, compared to EUR 6.7 billion at 31 December 2010.

EUR 1.9 billion of securitised positions were held at the end of 2011.

Following the transition to IFRS in 2005, SPVs are consolidated in the BNP Paribas balance sheet whenever the Bank holds the majority of the corresponding risks and returns.

SENSITIVE LOAN PORTFOLIOS

➤ PERSONAL LOANS

Personal loans as at 31 December 2011 *In billions of euros*		Gross outstanding					Allowances		Net exposure
		Consumer	First Mortgage		Home Equity Loans	Total	Portfolio	Specific	
			Full Doc	Alt A					
US		9.2	7.2	0.3	2.9	19.6	(0.3)	(0.1)	19.1
Super Prime	*FICO(*) > 730*	*7.5*	4.5	0.2	1.6	13.7			13.7
Prime	*600 < FICO(*)< 730*	*1.6*	2.3	0.1	1.3	5.4			5.4
Subprime	*FICO(*) < 600*	*0.0*	0.4	-	0.0	0.4			0.4
UK		0.9	0.4	-	-	1.3	(0.0)	(0.2)	1.1
Spain		3.9	6.0	-	-	9.8	(0.2)	(1.0)	8.7

(*) At origination.

The Group's personal loans classified as sensitive have the following features at 31 December 2011:

- the good quality of the US portfolio, which represented gross exposure of EUR 19.6 billion, up EUR 0.4 billion compared with 31 December 2010 due to the increase of "Super Prime" loans and the appreciation of the dollar. The consumer loan portfolio quality is improving;
- moderate exposure to the UK market (EUR 1.3 billion);
- well-secured exposure to risks in Spain through property collateral on the mortgage portfolio and a large proportion of auto loans in the consumer loan portfolio.

COMMERCIAL REAL ESTATE

Commercial Real Estate as at 31 December 2011 *In billions of euros*	Gross exposure					Allowances		Net exposure
	Home Builders	Non residential developers	Property companies	Others [1]	Total	Portfolio	Specific	
US	**0.3**	**0.6**	**0.2**	**4.6**	**5.7**	**(0.1)**	**(0.0)**	**5.6**
BancWest	0.3	0.5	-	4.6	5.4	(0.1)	(0.0)	5.3
CIB	-	0.1	0.2	-	0.3	-	-	0.3
UK	**0.1**	**0.4**	**1.3**	**0.5**	**2.2**	**(0.0)**	**(0.3)**	**1.9**
Spain	**-**	**0.0**	**0.4**	**0.6**	**1.1**	**(0.0)**	**(0.0)**	**1.0**

(1) Excluding owner-occupied and real estate backed loans to corporates.

The Group's commercial real estate loan portfolio have the following features at 31 December 2011:

- exposure to the US, down EUR 1.0 billion compared with 31 December 2010, including an exposure of EUR 4.6 billion to the other sectors of commercial real estate (down EUR 0.7 billion compared with 31 December 2010) corresponding to very granular and well diversified financing of smaller property companies on a secured basis (mainly office, retail and residential multifamily property type);
- exposure to the UK concentrated on large property companies and down EUR 0.5 billion compared with 31 December 2010;
- limited exposure to commercial real estate risk in Spain due in particular to the good quality of the commercial mortgage loan portfolio.

REAL-ESTATE RELATED ABS AND CDOS EXPOSURE

BANKING BOOK AND TRADING PORTFOLIO

Net exposure *In billions of euros*	31.12.2010	31.12.2011		
	Net exposure	Gross exposure[1]	Allowances	Net exposure
TOTAL RMBS	**10.4**	**10.1**	**(0.1)**	**9.9**
US	**0.3**	**0.1**	**(0.0)**	**0.1**
Subprime	0.1	0.0	(0.0)	0.0
Mid-prime	0.0	0.0	(0.0)	0.0
Alt-A	0.0	-	-	-
Prime [2]	0.2	0.1	(0.0)	0.1
UK	**0.8**	**0.6**	**(0.0)**	**0.6**
Conforming	0.2	0.1	-	0.1
Non conforming	0.6	0.5	(0.0)	0.5
Spain	**0.8**	**0.8**	**(0.0)**	**0.8**
The Netherlands	**8.2**	**8.1**	**(0.0)**	**8.1**
Other countries	**0.4**	**0.3**	**(0.0)**	**0.3**
TOTAL CMBS	**2.3**	**1.7**	**(0.0)**	**1.7**
US	1.3	1.0	-	1.0
Non US	1.0	0.7	(0.0)	0.7
TOTAL CDOs (CASH AND SYNTHETIC)	**0.8**	**1.1**	**(0.0)**	**0.4**
RMBS	**0.7**	**-**	**-**	**-**
US	0.2	0.1	-	0.1
Non US	0.6	0.5	(0.0)	0.5
CMBS	**0.0**	**0.4**	**(0.0)**	**0.4**
CDO of TRUPs	**0.1**	**0.0**	**-**	**0.0**
TOTAL	**13.5**	**12.9**	**(0.2)**	**12.7**
o/w Trading Book	0.2	-	-	0.2
TOTAL SUBPRIME, ALT-A, US CMBS AND RELATED CDOs	**1.5**	**1.1**	**(0.0)**	**1.1**

(1) Entry price + accrued interests - amortisation.
(2) Excluding Government Sponsored Entity backed Securities.

As at 31 December 2011, the banking book's exposure to real estate related ABSs and CDOs decreased by EUR 0.8 billion due to sales and amortisation. The increase in the CDO of CMBS portfolio is the result of hedge unwinding (commutations). The quality of the portfolio remains high, with 72% of assets rated AAA.

The assets are booked at amortised cost with the appropriate provision in case of permanent impairment.

MONOLINE COUNTERPARTY EXPOSURE

In billions of euros	31.12.2010 Notional	31.12.2010 Gross counterparty exposure	31.12.2011 Notional	31.12.2011 Gross counterparty exposure
CDOs of US RMBS subprime	0.68	0.58	0.70	0.60
CDOs of European RMBS	0.26	0.04	0.26	0.04
CDOs of CMBS	1.12	0.26	0.71	0.22
CDOs of corporate bonds	7.81	0.18	6.40	0.16
CLOs	5.05	0.17	4.96	0.16
Non credit related	n.s	0.00	n.s	0.00
TOTAL GROSS COUNTERPARTY EXPOSURE	**N.S**	**1.23**	**N.S**	**1.18**

In billions of euros	31.12.2010	31.12.2011
TOTAL GROSS COUNTERPARTY EXPOSURE	**1.23**	**1.18**
Credit derivatives bought from banks or other collateralised third parties	(0.22)	(0.24)
TOTAL UNHEDGED GROSS COUNTERPARTY EXPOSURE	**1.01**	**0.93**
Credit adjustments and allowances(1)	(0.86)	(0.83)
NET COUNTERPARTY EXPOSURE	**0.16**	**0.10**

(1) *Including specific allowances as at 30 June 2011 of €0.4bn related to monolines classified as doubtful.*

At 31 December 2011, gross exposure to counterparty risk stood at EUR 1.18 billion, stable compared with 31 December 2010). The reduction in the notional amount of protection purchased on CDOs of CMBS and CDOs of corporate bonds is due to commutations.

BNP PARIBAS FORTIS "IN" PORTFOLIO(1)

Net exposure *In billions of euros*	31.12.2010	31.12.2011		
	Net exposure	Gross exposure(1)	Allowances	Net exposure
TOTAL RMBS	**3.3**	**2.2**	**(0.1)**	**2.1**
US	**0.8**	**0.3**	**(0.1)**	**0.3**
Subprime	0.0	0.0	-	0.0
Mid-prime	-	-	-	-
Alt-A	0.2	0.1	(0.0)	0.1
Prime(2)	0.5	0.2	(0.0)	0.2
Agency	0.1	-	-	-
UK	**1.0**	**0.7**	**-**	**0.7**
Conforming	0.3	0.1	-	0.1
Non conforming	0.8	0.6	-	0.6
Spain	**0.3**	**0.3**	**-**	**0.3**
Netherlands	**0.2**	**0.2**	**-**	**0.2**
Other countries	**0.9**	**0.7**	**(0.0)**	**0.7**
CDO OF RMBS	**-**	**-**	**-**	**-**
TOTAL CMBS	**0.8**	**0.8**	**(0.0)**	**0.8**
US	0.0	0.1	(0.0)	0.1
Non US	0.8	0.7	(0.0)	0.7
TOTAL CONSUMER RELATED ABS	**4.6**	**3.9**	**(0.0)**	**3.9**
Auto Loans/Leases	**0.4**	**0.2**	**-**	**0.2**
US	-	-	-	-
Non US	0.4	0.2	-	0.2
Student Loans	**3.0**	**2.8**	**(0.0)**	**2.8**
Credit cards	**0.9**	**0.6**	**-**	**0.6**
Consumer Loans/Leases	**0.1**	**0.1**	**(0.0)**	**0.1**
Other ABS (equipment lease…)	**0.3**	**0.2**	**-**	**0.2**
CLOs AND CORPORATE CDOs	**3.2**	**2.6**	**(0.0)**	**2.6**
US	2.3	1.9	(0.0)	1.8
Non US	0.8	0.8	(0.0)	0.7
Sectorial Provision			(0.1)	
TOTAL	**11.8**	**9.5**	**(0.2)**	**9.2**

(1) Entry price + accrued interests – amortisation.
(2) Excluding Government Sponsored Entity backed Securities.

The "IN" portfolio was included for the first time in BNP Paribas' balance sheet upon the consolidation of Fortis' assets on 12 May 2009. At 31 December 2011, the net exposure of the "IN" portfolio stood at EUR 9.2 billion, down EUR 2.6 billion compared with 31 December 2010, owing principally to amortisation and sales of assets. 76% of assets are rated AA or higher(2).

This portfolio carries a EUR 1.5 billion guarantee from the Belgian government covering the second-loss tranche.

The RMBS portfolio is of good quality: 66% are rated AA or higher(2).

The consumer credit related ABS portfolio comprises student loans, 94% of which are rated AA or higher(2), auto loans of which 99% are rated AA or higher(2) and credit card outstandings of which 98% are rated AA or higher(2).

The portfolio of CLOs and corporate CDOs is diversified. It comprises bonds and corporate loans. 90% of the US assets are rated AA or higher(2). 61% of the assets in other countries are rated AA or higher(2).

(1) Including Scaldis, ABCP refinancing conduit consolidated by BNP Paribas Fortis.

(2) Based on the lowest S&P, Moody's & Fitch rating.

3.4 Balance sheet

ASSETS

OVERVIEW

The Group's consolidated assets amounted to EUR 1,965.3 billion at 31 December 2011, down 2% from EUR 1,998.2 billion at 31 December 2010. The main components of the Group's assets are financial assets at fair value through profit or loss, loans and receivables due from customers, available-for-sale financial assets, loans and receivables due from credit institutions, and accrued income and other assets, which together accounted for 93% of total assets at 31 December 2011 (vs. 94% at 31 December 2010). The 2% decrease in assets in 2011 is due to:

- a 12%, or EUR 27.5 billion, reduction in available-for-sale financial assets to EUR 192.5 billion, due mainly to disposals of sovereign debt holdings;
- a 3%, or EUR 18.9 billion, decline in loans and receivables due from customers to EUR 665.8 billion;
- a 21%, or EUR 13.3 billion, reduction in loans and receivables due from credit institutions to EUR 49.4 billion;
- a 1%, or EUR 12.5 billion, decrease in financial assets at fair value through profit or loss to EUR 820.5 billion, reflecting a decline in securities trading positions and repurchase agreements, partly offset by an increase in the replacement value of trading book derivatives due to changes in market parameters.

The above were partially offset by:

- an increase in other Group assets, most notably a 74%, or EUR 24.8 billion, jump in cash and amounts due from central banks and post office banks to EUR 58.4 billion as result of an increase in the amounts deposited with central banks;
- a 13%, or EUR 10.4 billion, rise in accrued income and other assets to EUR 93.5 billion.

FINANCIAL ASSETS AT FAIR OR MODEL VALUE THROUGH PROFIT OR LOSS

Financial assets at fair or model value through profit or loss consist of trading account transactions (including derivatives) and certain assets designated by the Group as at fair or model value through profit or loss at the time of acquisition. Financial assets carried in the trading book include mainly securities, repurchase agreements, and derivatives. Assets designated by the Group as at fair or model value through profit or loss include admissible investments related to unit-linked insurance contracts, and, to a lesser extent, assets with embedded derivatives that have not been separated from the host contract. Specifically, financial assets at fair value through profit or loss are divided into the following categories on the balance sheet: negotiable certificates of deposit; bonds; equities and other variable-income securities; repurchase agreements; loans to credit institutions, individuals, and corporate customers; and trading book derivatives. These assets are remeasured at fair or model value at each balance sheet date.

Total financial assets at fair value through profit or loss amounted to EUR 820.5 billion at 31 December° 2011, down 1% from EUR 832.9 billion at 31 December 2010. This decrease reflects a voluntary 27%, or EUR 57.7 billion, reduction in repurchase agreements to EUR 153.3 billion; an 18%, or EUR 19.7 billion, decline in bond trading positions to EUR 89.7 billion, and a 31%, or EUR 34.8 billion, reduction in equities and other variable-income securities to EUR 76.4 billion. Due to changes in market parameters, especially yield curves, the replacement value of trading book derivatives rose 30%, or EUR 104.2 billion, in 2011 to reach EUR 452.0 billion at year-end. The increase was particularly sharp for interest rate derivatives, which shot up 39%, or EUR 93 billion.

Financial assets at fair or model value through profit or loss accounted for 42% of the Group's total assets at 31 December 2011, unchanged from the previous year.

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

Loans and receivables due from credit institutions totalled EUR 49.4 billion at 31 December 2011, down 21% from EUR 62.7 billion at 31 December 2010, and are comprised of demand accounts, interbank loans, and repurchase agreements.

Most of this decrease is due to a reduction in loans to credit institutions, which fell 23% to EUR 35.1 billion at 31 December 2011, down from EUR 45.4 billion at 31 December 2010, as a result of a decrease in interbank transactions. Repurchase agreements declined 60% to EUR 2.8 billion, down from EUR 7.1 billion a year earlier. Impairment provisions edged down slightly, from EUR 1.0 billion at year-end 2010 to EUR 0.7 billion at year-end 2011.

LOANS AND RECEIVABLES DUE FROM CUSTOMERS

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

Loans and receivables due from customers (net of impairment provisions) amounted to EUR 665.8 billion at 31 December 2011, down 3% from EUR 684.7 billion at 31 December 2010. This decline can be attributed to a 1% decrease in loans to customers, from EUR 633.6 billion at year-end 2010 to EUR 624.3 billion at year-end 2011, together with a 91% decrease in repurchase agreements, from EUR 16.5 billion at year-end 2010 to EUR 1.4 billion at year-end 2011. Demand accounts rose 36% to EUR 38.4 billion, while finance leases declined 10% to EUR 29.7 billion. Impairment provisions rose 5% to EUR 28 billion, up from EUR 26.7 billion a year earlier.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are fixed- and variable-income securities that cannot be classified as financial assets at fair or model value through profit or loss, as well as fixed-income securities that cannot be classified as held-to-maturity financial assets. These assets are remeasured at market or similar value through equity at each balance sheet date.

Available-for-sale financial assets (net of impairment provisions) totalled EUR 192.5 billion at 31 December 2011, down 12% from EUR 220.0 billion at 31 December 2010. This decrease is attributable to a 13% decline in bonds, from EUR 170.1 billion at year-end 2010 to EUR 146.6 billion at year-end 2011, combined with a 13% fall in negotiable certificates of deposit, from EUR 32.4 billion at year-end 2010 to EUR 28.4 billion at year-end 2011, due mainly to disposals of sovereign debt holdings.

The Group recognised an additional EUR 1.5 billion of impairment provisions on available-for-sale financial assets in 2011, bringing the total from EUR 3.7 billion at 31 December 2010 to EUR 5.2 billion at 31 December 2011. Impairment provisions on available-for-sale financial assets are calculated at each balance sheet date. The unrealised loss on available-for-sale financial assets totalled EUR 3.5 billion at 31 December 2011, compared with an unrealised gain of EUR 0.4 billion as at 31 December 2010, due to a decrease in the value of fixed-income securities issued by certain eurozone governments and a decline in the market price of listed variable-income securities on the back of a fall in equity markets. This EUR 3.9 billion decrease therefore reflects a EUR 2.6 billion decline in the unrealised gain on fixed-income securities and a EUR 1.3 billion decline in the unrealised gain on variable-income securities.

HELD-TO-MATURITY FINANCIAL ASSETS

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

Held-to-maturity financial assets shrank 23% in 2011, from EUR 13.8 billion at year-end 2010 to EUR 10.6 billion at year-end 2011, following the sale of Italian sovereign debt holdings.

ACCRUED INCOME AND OTHER ASSETS

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

Accrued income and other assets totalled EUR 93.5 billion at 31 December 2011, up 13% from EUR 83.1 billion at 31 December 2010. This growth reflects a 37%, or EUR 12.1 billion, increase in guarantee deposits and bank guarantees paid.

CASH AND AMOUNTS DUE FROM CENTRAL BANKS AND POST OFFICE BANKS

Cash and amounts due from central banks and post office banks totalled EUR 58.4 billion at year-end 2011, up 74% from EUR 33.6 billion at year-end 2010.

LIABILITIES

OVERVIEW

The Group's consolidated liabilities stood at EUR 1,879.7 billion at 31 December 2011, down 2% from EUR 1,912.5 billion at 31 December 2010. The main components of the Group's liabilities are financial liabilities at fair or model value through profit or loss, amounts due to credit institutions, amounts due to customers, debt securities, accrued expenses and other liabilities, and technical reserves of insurance companies. These items together accounted for 97% of the Group's total liabilities at 31 December 2011 (the same percentage as a year earlier). The 2% decrease in liabilities in 2011 can be attributed to:

- a 24%, or EUR 50.9 billion, decline in debt securities to EUR 157.8 billion;
- a 6%, or EUR 34.6 billion, decrease in amounts due to customers to EUR 546.3 billion;
- an 11%, or EUR 18.8 billion, fall in amounts due to credit institutions to EUR 149.2 billion.

The above were partially offset by:

- a 69%, or EUR 5.9 billion, increase in derivatives used for hedging purposes to EUR 14.3 billion;

- a 5%, or EUR 37.7 billion, increase in financial liabilities at fair value through profit of loss to EUR 762.8 billion;
- a 16%, or EUR 18.1 billion, increase in technical reserves of insurance companies to EUR 133.1 billion.

FINANCIAL LIABILITIES AT FAIR OR MODEL VALUE THROUGH PROFIT OR LOSS

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

The total value of financial liabilities at fair or model value through profit or loss was EUR 762.8 billion at year-end 2011, up 5% from EUR 725.1 billion at year-end 2010. Due to changes in market parameters, especially yield curves, the replacement value of trading book derivatives rose 30%, or EUR 102 billion, in 2011 to reach EUR 447.5 billion at year-end. The increase was particularly sharp for interest rate derivatives, which shot up 40%, or EUR 94 billion. However this was partially offset by a 23%, or EUR 52 billion, decrease in repurchasing agreements to EUR 171.4 billion.

AMOUNTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions consist primarily of borrowings, but also include demand deposits and repurchase agreements.

Amounts due to credit institutions shrank 11%, or EUR 18.8 billion, to EUR 149.2 billion at 31 December 2011. This decline reflects a 16%, or EUR 20.7 billion, decrease in borrowings from credit institutions to EUR 111.2 billion at year-end, partially offset by a 6%, or EUR 1.1 billion, increase in repurchase agreements to EUR 19.6 billion.

AMOUNTS DUE TO CUSTOMERS

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

Amounts due to customers stood at EUR 546.3 billion at 31 December 2011, down 6%, or EUR 34.6 billion, from EUR 580.9 billion a year earlier. This decrease can be attributed to an 11%, or EUR 27.4 billion, reduction in term accounts and short-term notes to EUR 214.1 billion, and, to a lesser extent, a 3%, or EUR 7.8 billion, decline in demand deposits to EUR 254.5 billion.

DEBT SECURITIES

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

Debt securities totalled EUR 157.8 billion at 31 December 2011, down 24% from EUR 208.7 billion at 31 December 2010. This decrease is due to a 28% decline in negotiable certificates of deposit to EUR 135 billion, partially offset by a 4% increase in bond issues to EUR 22.8 billion.

SUBORDINATED DEBT

Subordinated debt totalled EUR 19.7 billion at 31 December 2011, down 20% from EUR 24.7 billion a year earlier.

TECHNICAL RESERVES OF INSURANCE COMPANIES

Technical reserves of insurance companies amounted to EUR 133.1 billion at 31 December 2011, up 16% from EUR 114.9 billion at 31 December 2010. This increase is primarily due to higher technical reserves at the life insurance business.

ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of guarantee deposits received, settlement accounts related to securities transactions, collection accounts, accrued expenses and deferred income, and other creditors and miscellaneous liabilities.

Accrued expenses and other liabilities totalled EUR 81.0 billion at 31 December 2011, up 24% from EUR 65.2 billion a year earlier. This increase reflects a 58% increase in guarantee deposits received to EUR 40.7 billion, together with a 15% decline in settlement accounts related to securities transactions to EUR 16.6 billion.

MINORITY INTERESTS

Minority interests shrank to EUR 10.3 billion at 31 December 2011, down slightly from EUR 11 billion at 31 December 2010. This decrease mainly reflects a EUR 0.8 billion contribution to net income less EUR 0.5 billion of dividend payouts and a EUR 0.5 billion redemption of preferred shares.

CONSOLIDATED SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP

Consolidated shareholders' equity attributable to the Group (before the dividend payout) stood at EUR 75.4 billion at 31 December 2011, up from EUR 74.6 billion a year earlier. This EUR 0.8 billion increase is attributable to EUR 6 billion of net income for 2011, less a EUR 2.5 billion dividend payout for the 2010 financial year and EUR 1.1 billion of movements carried out on equity.

Assets and liabilities recognised directly in equity fell by EUR 1.6 billion in 2011, mainly as a result of changes in the value of available-for-sale financial assets recognised directly in equity.

OFF-BALANCE SHEET ITEMS

FINANCING COMMITMENTS

Financing commitments given to customers consist mostly of documentary credits, other confirmed letters of credit, and commitments relating to repurchase agreements. These commitments fell 16% to EUR 226.0 billion at 31 December 2011.

Commitments to credit institutions also declined by 40% to reach EUR 27.3 billion at year-end.

Financing commitments received consist primarily of stand-by letters of credit and commitments relating to repurchase agreements. Financing commitments received shrank 2% to EUR 126.5 billion at 31 December 2011, down from EUR 129.5 billion a year earlier. This decrease reflects a 14% growth in commitments received from credit institutions to EUR 119.7 billion, more than offset by a 73% decrease in commitments received from customers to EUR 6.8 billion.

GUARANTEE COMMITMENTS

Guarantee commitments rose 3% to EUR 106.1 billion at 31 December 2011, up from EUR 102.6 billion a year earlier. This increase reflects a 41% jump in commitments to credit institutions to EUR 14.9 billion, partially offset by a 1% decline in commitments to customers to EUR 91.2 billion.

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

3.5 Profit and loss account

REVENUES

In millions of euros	2011	2010	Change (2011/2010)
Net interest income	23,981	24,060	0%
Net commission income	8,419	8,486	-1%
Net gain on financial instruments at fair value through profit or loss	3,733	5,109	-27%
Net gain on available-for-sale financial assets and other financial assets not measured at fair value	280	452	-38%
Net income from other activities	5,971	5,773	+3%
TOTAL REVENUES	**42,384**	**43,880**	**-3%**

OVERVIEW

The 3% decline in the Group's 2011 revenues mainly reflects a 27% decrease in the net gain on financial instruments at fair or model value through profit or loss, partially offset by a 3% increase in net income from other activities. Net interest income was largely unchanged from 2010.

NET INTEREST INCOME

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

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

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

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

Net interest income was relatively unchanged in 2011 from the prior year, coming in at EUR 23,981 million. The slight decrease in 2011 mainly reflects a 17% increase in income from interest rate portfolio hedging instruments to EUR 1,519 million (up from EUR 1,299 million in 2010), offset by a reduction in the interest expense on interest rate portfolio hedging instruments to EUR 2,712 million (down from EUR 2,822 million in 2010).

Net interest income from the trading book grew by EUR 191 million in 2011 to reach EUR 2,008 million (up from EUR 1,817 million in 2010), due primarily to a EUR 308 million decrease in the net interest expense on debt securities to EUR 206 million (vs. EUR 514 million in 2010) and a EUR 79 million decrease in the net interest expense on repurchase agreements to EUR 50 million (vs. EUR 129 million in 2010). The reduction in these expenses was partially offset by a EUR 151 million decline in net interest income from fixed-income securities to EUR 2,435 million and a EUR 45 million decrease in interest income from loans and borrowings to negative EUR 171 million (vs. negative EUR 126 million in 2010).

The net interest expense on interbank transactions fell 19% in 2011 to EUR 519.0 million (vs. EUR 644 million in 2010), mainly as a result of a 51% decrease in the net interest expense on loans and borrowings.

Therefore the growth in the Group's 2011 interest income was partially offset by a 21% increase in the interest expense on the Group's borrowings, which rose from EUR 3,320 million in 2010 to EUR 4,025 million in 2011.

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

Interest-earning assets primarily include loans and receivables due from customers, loans and receivables due from credit institutions, and fixed-income securities classified as "Financial assets at fair value through profit or loss" and "Available-for sale financial assets". The change in these assets between 31 December 2010 and 31 December 2011 is described in the following discussion of the Group's balance sheet.

Volumes of interest-earning assets and interest-bearing liabilities can be affected by various factors, in addition to general economic conditions and growth in the Group's lending activities (either organically or through acquisitions). One such factor is the Group's business mix, such as the relative proportion of capital allocated to interest-generating as opposed to fee-generating businesses. In addition, the ratio of interest-earning assets to interest-bearing liabilities is affected by the funding of non-interest income by way of interest-bearing loans (i.e., the cost of carry of the Group's trading portfolio), which increases the interest-bearing liabilities without a corresponding increase in the interest-earning assets.

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

NET COMMISSION INCOME

Net commission income includes commissions on interbank and money market transactions, customer transactions, securities transactions, foreign exchange and arbitrage transactions, securities commitments, forward financial instruments, and financial services. Net commission income fell slightly in 2011 to EUR 8,419 million (vs. EUR 8,486 million in 2010). This mainly reflects stable commission income from trusts and similar activities (EUR 2,454 million in 2011 and EUR 2,451 million in 2010), and a slight increase of EUR 103 million in commissions from financial assets and liabilities not measured at fair or model value through profit or loss (EUR 2,987 million in 2011 and EUR 2,884 million in 2010).

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

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

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

The net gain on financial instruments at fair or model value through profit or loss was EUR 3,733 million in 2011, down 27% from EUR 5,109 million in 2010. The gains and losses resulting from cash flows and the remeasurement of financial instruments, either cash or derivatives, must be appreciated as a whole in order to give a fair representation of the profit or loss resulting from trading activities. The decrease in this line item is primarily due to a 66% decrease in the net gain on the trading book to EUR 1,248 million, and a 99% decrease in the net gain on the remeasurement of foreign exchange positions to EUR 7 million (vs. EUR 888 million in 2010), only partially offset by an increase in the net gain on financial instruments at fair or model value through profit or loss under the IAS 39 option, which rose from EUR 524 million in 2010 to EUR 2,891 million in 2011.

The decrease in the net gain on the trading book mainly reflects a decline in income from debt instruments from EUR 1,657 million in 2010 to EUR 1 million in 2011, and a 65% decrease in income from capital instruments to EUR 455 million.

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

This line item relates to assets classified as available-for-sale. Changes in fair value (excluding interest due) of these assets are initially recognised under "Change in assets and liabilities recognised directly in shareholders' equity". Upon the sale of such assets or the recognition of an impairment loss, these unrealised gains or losses are recognised in the profit and loss account under "Net gain on available-for-sale financial assets and other financial assets not measured at fair value".

This line item also includes gains and losses on the sale of other financial assets not measured at fair or model value.

The net gain on available-for-sale financial assets and other financial assets not measured at fair or model value fell 38%, or EUR 172 million, in 2011. This decrease can be attributed to a EUR 780 million decline in the net gain on fixed-income financial assets, partially offset by a EUR 608 million increase in the net gain on variable-income financial assets.

NET INCOME FROM OTHER ACTIVITIES

This line item consists of net income from insurance activities, investment property, assets leased under operating leases, and property development activities, as well as other net income. Net income from other activities totalled EUR 5,971 million in 2011, up 3% from EUR 5,773 million in 2010. This growth is primarily due to a EUR 236 million increase in net income from insurance activities, partially offset by a EUR 102 million decrease in net income from assets held under operating leases.

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

The growth in net income from insurance activities in 2011 can mainly be attributed to an increase in technical reserves, which shifted from a negative EUR 7,608 million in 2010 to a positive EUR 1,572 million in 2011. This primarily reflects a decline in the value of admissible investments related to unit-linked contracts, which swung from a net gain of EUR 1,412 million in 2010 to a net loss of EUR 1,597 million in 2011. Gross premiums written fell from EUR 18,691 million in 2010 to EUR 16,288 million in 2011. The claims and benefits expense rose from EUR 8,996 million in 2010 to EUR 12,484 million in 2011.

OPERATING EXPENSES, DEPRECIATION, AND AMORTISATION

In millions of euros	2011	2010	Change (2011/2010)
Operating expenses	(24,608)	(24,924)	-1%
Depreciation, amortisation, and impairment of property, plant, and equipment and intangible assets	(1,508)	(1,593)	-5%
TOTAL OPERATING EXPENSES, DEPRECIATION, AND AMORTISATION	**(26,116)**	**(26,517)**	**-1%**

Operating expenses, depreciation, and amortisation totalled EUR 26,116 million in 2011, down 1% from EUR 26,517 million in 2010.

GROSS OPERATING INCOME

The Group's gross operating income declined 6% to EUR 16,268 million in 2011 (from EUR 17,363 million in 2010) as a result of a 3% fall in revenues only partially offset by a 1% decrease in operating expenses.

COST OF RISK

In millions of euros	2011	2010	Change (2011/2010)
Net additions to impairment provisions	(3,510)	(4,594)	-23.6%
Recoveries on loans and receivables previously written off	514	393	+30.8%
Irrecoverable loans and receivables not covered by impairment provisions	(560)	(601)	-6.8%
Loss on Greek sovereign debt holdings	(3,241)	-	
TOTAL NET ADDITIONS TO PROVISIONS	**(6,797)**	**(4,802)**	**+41.5%**

This line item represents the net amount of impairment losses recognised for credit risks inherent in the Group's intermediation activities, plus any impairment losses relating to counterparty risks on over-the-counter derivative instruments.

The increase in the cost of risk in 2011 can be attributed to a EUR 3,421 million impairment loss recognised on the Group's Greek sovereign debt holdings.

Excluding this impairment loss, the cost of risk actually decreased over the year as a result of lower impairment provisions, most notably a 79% decline in provisions at the Corporate and Investment Banking business to EUR 75 million (vs. EUR 350 million in 2010). This decline includes a EUR 323 million reduction in provisions at the Advisory and Capital Markets businesses, which recognised a EUR 21 million provision reversal in 2011 (vs. a EUR 302 million provision allocation in 2010). Provisions at the Retail Banking business fell 21% to EUR 3,565 million in 2011 (down from EUR 4,497 million in 2010), including a 45% decrease in provisions at BancWest (EUR 256 million in 2011 vs. EUR 465 million in 2010) and a 14% reduction in provisions at the Personal Finance business (EUR 1,639 million in 2011 vs. EUR 1,913 million in 2010).

Doubtful loans and commitments net of guarantees totalled EUR 37 billion in 2011, up from EUR 36 billion a year earlier, and provisions totalled EUR 30 billion (including the effect of the Greek sovereign debt provision), up from EUR 29 billion a year earlier. The Group's coverage ratio was 80% at 31 December 2011, down from 81% a year earlier amid an overall improved risk environment.

For a more detailed discussion of the net additions to provisions for each business, see the section titled "Core business results".

NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS

In millions of euros	2011	2010	Change (2011/2010)
OPERATING INCOME	**9,471**	**12,561**	**-25%**
Share of earnings of associates	80	268	-70%
Net gain on non-current assets	206	269	-23%
Change in value of goodwill	(106)	(78)	+36%
Income tax expense	(2,757)	(3,856)	-29%
Minority interests	(844)	(1,321)	-36%
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS	**6,050**	**7,843**	**-23%**

OVERVIEW

Net income attributable to equity holders fell 23% in 2011.

SHARE OF EARNINGS OF ASSOCIATES

The Group's share of earnings of associates (i.e., companies accounted for under the equity method) decreased from EUR 268 million in 2010 to EUR 80 million in 2011, mainly as a result of a EUR 213 million Greek sovereign debt provision recognised at insurance companies.

NET GAIN ON NON-CURRENT ASSETS

This line item includes net realised gains and losses on sales of property, plant, equipment, and intangible assets used in operations, and on sales of investments in consolidated undertakings still included in the scope of consolidation at the time of sale. The net gain on non-current assets fell from EUR 269 million in 2010 to EUR 206 million in 2011.

CHANGE IN VALUE OF GOODWILL

The change in the value of goodwill decreased from a negative EUR 78 million in 2010 to a negative EUR 106 million in 2011.

INCOME TAX EXPENSE

The Group's income tax expense for 2011 totalled EUR 2,757 million, down from EUR 3,856 million in 2010 as a result of lower pre-tax net income.

MINORITY INTERESTS

The share of earnings attributable to minority interests in consolidated companies fell from EUR 1,321 million in 2010 to EUR 844 million in 2011, primarily due to impairment losses on Greek sovereign debt holdings at three Group subsidiaries with minority interests (BNP Paribas Fortis, BGL BNP Paribas, and Cardif Assurances Vie).

3.6 Recent events

PRODUCTS AND SERVICES

BNP Paribas regularly introduces new products and services for its customers. More information is available on the Group's websites, including in the press releases available at www.invest.bnpparibas.com.

ACQUISITIONS AND PARTNERSHIPS

No significant acquisition or partnership events have occurred since the third update to the 2010 Registration document was issued on 4 November 2011.

RESULTS OF THE TENDER OFFER OF CONVERTIBLE AND SUBORDINATED HYBRID EQUITY-LINKED SECURITIES (THE "CASHES")

The results are available at BNP Paribas' investor relations' website at www.invest.bnpparibas.com.

BNP PARIBAS CIB SELLS NORTH AMERICAN RESERVE BASED LENDING BUSINESS

The press release is available at BNP Paribas' investor relations' website at www.invest.bnpparibas.com.

BNP PARIBAS SELLS A 28.7% STAKE IN KLÉPIERRE S.A. TO SIMON PROPERTY GROUP

The press release is available at BNP Paribas' investor relations' website at www.invest.bnpparibas.com.

3.7 Outlook

CORE BUSINESSES

RETAIL BANKING

In the four domestic networks (France, Italy, Belgium and Luxembourg), the Group will continue its dedication to serving its customers throughout the crisis and adapt to regulatory changes.

Thus, for individual customers, the networks will continue to upgrade the savings product offering to meet customers' expectations and adapt to regulatory changes. Technological innovations for the benefit of customers (mobile, online, contactless payment systems) will be rolled out quickly and a new service (Priority Banking) will also be introduced.

For corporates and small businesses, the networks will finish rolling out the Small Business Centres in France and Italy and develop leasing solutions (Leasing, Arval), in particular for SMEs' investments. In Belgium, a Working Capital Management campaign will be launched to better support customers in the financing of their working capital and in their cash management requirements.

In an effort to achieve greater operating efficiency, cost-cutting programmes under way in Italy, Belgium and Luxembourg will continue with ambitious savings targets by 2014.

In the retail banking networks outside the eurozone, the objective will be to support selective business development initiatives. BancWest may therefore benefit from a more favourable economic environment, pursuing the rolling out of private banking and capitalising on sales and marketing drives targeting corporates. Europe-Mediterranean will continue the selective roll out of its integrated business model, stepping up the development of shared platforms and reducing the operating cost base. In Turkey, a fast-growing market, the Group will be aiming to consolidate its position by carrying out the business plan and expanding cross-selling with Investment Solutions (Wealth Management and Insurance) and CIB (Trade Finance and Fixed Income).

Personal Finance will continue to adapt its business models to the new environment.

In France, Cetelem Bank will continue to grow sales of savings and protection insurance products. Action will be taken to foster access to credit in the new regulatory environment. Personal Finance will gradually follow through with the business alliance with BPCE.

In Italy, Personal Finance will roll out the Cetelem Bank model with Findomestic Banca, improving customer relations and marketing deposit accounts. The marketing of BNL bc's mortgages and current accounts as well as Cardif's insurance products will also be stepped up.

Separately, Personal Finance will be exploring growth sources by developing business in Germany, Brazil, Central Europe and Russia, launching a partnership with Banque de la Poste in Belgium and expanding PF Inside, a model to market consumer lending within the Group's networks outside the eurozone.

INVESTMENT SOLUTIONS

In 2012, the division will continue its efforts to turnaround Asset Management. The business unit's goal is to cut costs by 10% compared to 2011. It will speed up the development of value added products (such as debt and equity securities management for emerging markets and alternative management) and focus on Asia Pacific, Middle East and Latin America. More generally, Investment Solutions will bolster its presence in fast-growing markets like Asia Pacific, in particular the Wealth Management and Securities Services business units. Insurance will endeavour to grow its gross written premiums from the protection insurance business.

Lastly, the division will pursue cross-business growth and streamlining approaches, both within Investment Solutions' business units and with Retail Banking and CIB, as well as growing BNP Paribas Real Estate's business in the Group.

CORPORATE AND INVESTMENT BANKING (CIB)

CIB will continue its efforts to adapt rapidly and to implement a more disintermediated model to support its clients in connection with the new Basel regulations.

In Fixed Income, CIB will develop distribution capacity and investor services and promote short-term and more standard products to meet the growing role of markets in financing the economy and reduce capital and liquidity consumption, adjusting its platform in a selective way. Synergies with the Financing Businesses will be expanded in order to promote origination and distribution to support clients in their projects. The Equities and Advisory business units will speed up the roll out of standardised or listed product distribution platforms and bolster the franchise in reaction to market consolidation and to meet the demand for simpler and more liquid products.

In 2012, a further significant impact of non-recurring items is expected with an additional EUR 650 million in costs for sales and EUR 200 million in restructuring costs. Over time, these adaptation efforts are expected to generate EUR 450 million in savings on a full year basis, partly offsetting the loss of recurring revenues as a result of the reduction of financed loan outstandings: EUR -1.4 billion excluding the repricing effect.

With increasingly stringent regulations, the division is well positioned, being one of the few European CIBs with critical mass and a global reach that has a customer approach based on long-term relationships, four domestic markets and teams with exceptional expertise recognised by the market.

LIQUIDITY AND FINANCING

The Group's cash balance sheet, excluding Klépierre and Insurance and with netted amounts for derivatives, repos, and payables/receivables, fell from EUR 1,097 billion as at 31 December 2010 to EUR 965 billion as 31 December 2011, which equates to a 12% decline in one year. Equity, customer deposits and medium- and long-term resources show total stable resources with a EUR 31 billion surplus compared to the funding needs of the client activity, which illustrates how the bank has adjusted to the new regulatory and market environment.

The Group's immediately available liquid asset reserves totalled EUR 160 billion (including USD 66 billion), which equates to 85% of the short-term cash resources.

The Group's 2012 medium- and long-term funding programme amounts to EUR 20 billion, given the reduced funding needs as a result of the adaptation plan. As at 31 January 2012, EUR 5 billion have already been raised with an average spread of 122 bp above the swap and an average maturity of 6.7 years, in the form of private placements and in the Group's networks. The 2012 programme is designed to be carried out without the need to tap public markets.

SOLVENCY

As at 31 December 2011, the Basel 2.5 common equity Tier 1 ratio, which includes the European Capital Requirements Directive 3 (CRD3) regulatory regime that came into force at the end of 2011, was 9.6%. The target of 9% solvency by the end of June 2012 set by the European Banking Authority (EBA), which, beyond CRD3, mandates an additional deduction for unrealised capital losses from European sovereign bonds held, has thus already been achieved 6 months ahead of schedule with a 9.2% ratio. According to the EBA's official measurement, this additional deduction is actually 40 bp for BNP Paribas.

This high solvency has been reinforced each year and helped double the common equity Tier 1 in three years, in particular thanks to retaining most of the earnings.

Risk-weighted assets were EUR 614 billion, including the impact of the switch to Basel 2.5 which added a further EUR 32 billion, essentially in capital markets. The deleveraging plan helped reduce the risk-weighted assets by EUR 25 billion, of which EUR 8 billion from the adaptation to Basel 2.5.

By the end of 2012, based on the Basel 2.5 common equity Tier 1 ratio of 9.6% at the end of 2011, the Basel 3 9% common equity Tier 1 ratio (fully loaded) target should be attained by combining the conventional 40 bp deduction, as an extension of the EBA rule, for European sovereign debt held; the impact of the other CRD4 directives currently anticipated by BNP Paribas to be -180 bp[(1)]; the deleveraging plan producing an additional +68 bp on top of the 32 bp already realised in 2011; lastly, the payment of the dividend in shares and the 2012 organic generation of capital respectively bring in an additional +20 bp[(2)] and +72 bp[(3)].

The Group's balanced portfolio of activities has been a stabilising factor that has helped it to continue to remain profitable throughout the crisis. This equilibrium will not be affected by the switch to Basel 2.5, since the share of retail banking business operations is still above 50%, CIB's share is close to one-third and Investment Solutions' is about one-sixth of the capital allocated to the operating divisions.

(1) Since CRD4 is still being debated in the European Parliament, its directives remain subject to interpretation and can still be amended.

(2) Assumption that, on average, 50% of the dividend is paid in shares for both 2011 and 2012.

(3) Based on the Bloomberg consensus as at 10 February 2012 with a 25% payout ratio.

4 CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

The consolidated financial statements of the BNP Paribas Group are presented for the years ended 31 December 2011 and 31 December 2010. In accordance with article 20.1 of Annex I of European Commission Regulation (EC) 809/2004, the consolidated financial statements for 2009 are provided in the Registration document filed with the *Autorité des marchés financiers* on 10 March 2010 under number D.10-0102.

4.1 Profit and loss account for the year ended 31 December 2011

In millions of euros	Notes	Year to 31 Dec. 2011	Year to 31 Dec. 2010
Interest income	2.a	47,124	47,388
Interest expense	2.a	(23,143)	(23,328)
Commission income	2.b	13,695	13,857
Commission expense	2.b	(5,276)	(5,371)
Net gain/loss on financial instruments at fair value through profit or loss	2.c	3,733	5,109
Net gain/loss on available-for-sale financial assets and other financial assets not measured at fair value	2.d	280	452
Income from other activities	2.e	26,836	30,385
Expense on other activities	2.e	(20,865)	(24,612)
REVENUES		**42,384**	**43,880**
Operating expense		(24,608)	(24,924)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	5.n	(1,508)	(1,593)
GROSS OPERATING INCOME		**16,268**	**17,363**
Cost of risk	2.f	(6,797)	(4,802)
OPERATING INCOME		**9,471**	**12,561**
Share of earnings of associates		80	268
Net gain on non-current assets		206	269
Goodwill	5.o	(106)	(78)
PRE-TAX INCOME		**9,651**	**13,020**
Corporate income tax	2.g	(2,757)	(3,856)
NET INCOME		**6,894**	**9,164**
Net income attributable to minority interests		844	1,321
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		**6,050**	**7,843**
Basic earnings per share	8.a	4.82	6.33
Diluted earnings per share	8.a	4.81	6.32

4.2 Statement of net income and changes in assets and liabilities recognised directly in equity

In millions of euros	Year to 31 Dec. 2011	Year to 31 Dec. 2010
Net income for the period	**6,894**	**9,164**
Changes in assets and liabilities recognised directly in equity	**(1,748)**	**(1,085)**
Items related to exchange rate movements	(61)	1,354
Changes in fair value of available-for-sale financial assets, including those reclassified as loans and receivables	(2,532)	(2,373)
Changes in fair value of available-for-sale financial assets reported in net income, including those reclassified as loans and receivables	277	(69)
Changes in fair value of hedging instruments	640	33
Changes in fair value of hedging instruments reported in net income	(15)	(28)
Items related to equity-accounted companies	(57)	(2)
TOTAL	**5,146**	**8,079**
Attributable to equity shareholders	4,487	6,837
Attributable to minority interests	659	1,242

4.3 Balance sheet at 31 December 2011

In millions of euros	Notes	31 December 2011	31 December 2010
ASSETS			
Cash and amounts due from central banks and post office banks		58,382	33,568
Financial assets at fair value through profit or loss	5.a	820,463	832,945
Derivatives used for hedging purposes	5.b	9,700	5,440
Available-for-sale financial assets	5.c	192,468	219,958
Loans and receivables due from credit institutions	5.f	49,369	62,718
Loans and receivables due from customers	5.g	665,834	684,686
Remeasurement adjustment on interest-rate risk hedged portfolios		4,060	2,317
Held-to-maturity financial assets	5.j	10,576	13,773
Current and deferred tax assets	5.k	11,570	11,557
Accrued income and other assets	5.l	93,540	83,124
Policyholders' surplus reserve	5.p	1,247	-
Investments in associates	5.m	4,474	4,798
Investment property	5.n	11,444	12,327
Property, plant and equipment	5.n	18,278	17,125
Intangible assets	5.n	2,472	2,498
Goodwill	5.o	11,406	11,324
TOTAL ASSETS		**1,965,283**	**1,998,158**
LIABILITIES			
Due to central banks and post office banks		1,231	2,123
Financial liabilities at fair value through profit or loss	5.a	762,795	725,105
Derivatives used for hedging purposes	5.b	14,331	8,480
Due to credit institutions	5.f	149,154	167,985
Due to customers	5.g	546,284	580,913
Debt securities	5.i	157,786	208,669
Remeasurement adjustment on interest-rate risk hedged portfolios		356	301
Current and deferred tax liabilities	5.k	3,489	3,745
Accrued expenses and other liabilities	5.l	81,010	65,229
Technical reserves of insurance companies	5.p	133,058	114,918
Provisions for contingencies and charges	5.q	10,480	10,311
Subordinated debt	5.i	19,683	24,750
TOTAL LIABILITIES		**1,879,657**	**1,912,529**
CONSOLIDATED EQUITY			
Share capital, additional paid-in capital and retained earnings		*70,714*	*66,620*
Net income for the period attributable to shareholders		*6,050*	*7,843*
Total capital, retained earnings and net income for the period attributable to shareholders		**76,764**	**74,463**
Change in assets and liabilities recognised directly in equity		(1,394)	169
Shareholders' equity		**75,370**	**74,632**
Retained earnings and net income for the period attributable to minority interests		10,737	11,293
Change in assets and liabilities recognised directly in equity		(481)	(296)
Total minority interests		**10,256**	**10,997**
TOTAL CONSOLIDATED EQUITY		**85,626**	**85,629**
TOTAL LIABILITIES AND EQUITY		**1,965,283**	**1,998,158**

4.4 Cash flow statement for the year ended 31 December 2011

In millions of euros	Notes	Year to 31 Dec. 2011	Year to 31 Dec. 2010
Pre-tax net income		**9,651**	**13,020**
Non-monetary items included in pre-tax net income and other adjustments		**18,975**	**18,832**
Net depreciation/amortisation expense on property, plant and equipment and intangible assets		3,788	3,739
Impairment of goodwill and other non-current assets		135	136
Net addition to provisions		6,359	10,877
Share of earnings of associates		(80)	(269)
Net (income) expense from investing activities		(246)	288
Net income from financing activities		(1,719)	(2,303)
Other movements		10,738	6,364
Net increase (decrease) in cash related to assets and liabilities generated by operating activities		**11,719**	**(34,550)**
Net decrease in cash related to transactions with credit institutions		(11,427)	(31,425)
Net decrease in cash related to transactions with customers		(68,092)	(34,964)
Net increase in cash related to transactions involving other financial assets and liabilities		96,551	37,530
Net decrease in cash related to transactions involving non-financial assets and liabilities		(2,970)	(2,557)
Taxes paid		(2,343)	(3,134)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS GENERATED BY OPERATING ACTIVITIES		**40,345**	**(2,698)**
Net increase (decrease) in cash related to acquisitions and disposals of consolidated entities	8.d	325	(4,940)
Net decrease related to property, plant and equipment and intangible assets		(1,938)	(1,790)
NET DECREASE IN CASH AND EQUIVALENTS RELATED TO INVESTING ACTIVITIES		**(1,613)**	**(6,730)**
Decrease in cash and equivalents related to transactions with shareholders		(3,910)	(759)
Decrease in cash and equivalents generated by other financing activities		(11,058)	(22,054)
NET DECREASE IN CASH AND EQUIVALENTS RELATED TO FINANCING ACTIVITIES		**(14,968)**	**(22,813)**
EFFECT OF MOVEMENT IN EXCHANGE RATES ON CASH AND EQUIVALENTS		**1,550**	**3,053**
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS		**25,314**	**(29,188)**
Balance of cash and equivalent accounts at the start of the period		**25,015**	**54,202**
Cash and amounts due from central banks and post office banks		33,568	56,076
Due to central banks and post office banks		(2,123)	(5,510)
Demand deposits with credit institutions	5.f	11,273	16,379
Demand loans from credit institutions	5.f	(17,464)	(12,380)
Deduction of receivables and accrued interest on cash and equivalents		(239)	(362)
Balance of cash and equivalent accounts at the end of the period		**50,329**	**25,015**
Cash and amounts due from central banks and post office banks		58,382	33,568
Due to central banks and post office banks		(1,231)	(2,123)
Demand deposits with credit institutions	5.f	12,099	11,273
Demand loans from credit institutions	5.f	(18,308)	(17,464)
Deduction of receivables and accrued interest on cash and equivalents		(613)	(239)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS		**25,314**	**(29,188)**

4.5 Statement of changes in shareholders' equity

	Capital and retained earnings			
	Attributable to shareholders			
In millions of euros	Ordinary shares, non-voting shares and additional paid-in capital	Undated Super Subordinated Notes	Non-distributed reserves	Total
Capital and retained earnings at 31 December 2009	**25,188**	**8,045**	**35,093**	**68,326**
Appropriation of net income for 2009			**(1,776)**	**(1,776)**
Increases in capital and issues	624			624
Reduction in capital	(40)			(40)
Impact of redemption of non-voting shares	(72)			(72)
Movements in own equity instruments	9	(16)	5	(2)
Share-based payment plans	7		(5)	2
Remuneration on Preferred Shares and undated super subordinated notes			(310)	(310)
Impact of internal transactions impacting minority shareholders *(note 8.c)*			(23)	(23)
Change in consolidation method impacting minority shareholders				
Acquisitions of additional interests or partial sales of interests *(note 8.c)*			(53)	(53)
Change in commitments to repurchase minority shareholders' interests			2	2
Other movements	(5)		(53)	(58)
Change in assets and liabilities recognised directly in equity				
Net income for 2010			**7,843**	**7,843**
Interim dividend payments				
Capital and retained earnings at 31 December 2010	**25,711**	**8,029**	**40,723**	**74,463**
Appropriation of net income for 2010			**(2,521)**	**(2,521)**
Increases in capital and issues	396			396
Reduction in capital				
Impact of redemption of non-voting shares			114	114
Movements in own equity instruments	(427)	(768)	91	(1,104)
Share-based payment plans			65	65
Remuneration on Preferred Shares and undated super subordinated			(295)	(295)
Impact of internal transactions impacting minority shareholders *(note 8.c)*			(80)	(80)
Change in consolidation method impacting minority shareholders			(8)	(8)
Acquisitions of additional interests or partial sales of interests *(note 8.c)*			(292)	(292)
Change in commitments to repurchase minority shareholders' interests			3	3
Other movements	(2)		(25)	(27)
Change in assets and liabilities recognised directly in equity				
Net income for 2011			**6,050**	**6,050**
Interim dividend payments				
Capital and retained earnings at 31 December 2011	**25,678**	**7,261**	**43,825**	**76,764**

between 1 January 2010 and 31 December 2011

			Change in assets and liabilities recognised directly in equity					
Minority interests			Attributable to shareholders					
Capital and retained earnings	Preferred shares eligible as Tier1 capital	Total	Exchange rates	Financial assets available for sale and reclassified loans and receivables	Derivatives used for hedging purposes	Total	Minority interests	Total equity
8,730	**2,330**	**11,060**	**(1,559)**	**2,161**	**573**	**1,175**	**(217)**	**80,344**
(359)		**(359)**						**(2,135)**
132		132						756
(130)	(440)	(570)						(610)
								(72)
	2	2						
								2
(146)		(146)						(456)
23		23						
(223)		(223)						(223)
(137)		(137)						(190)
145		145						147
90		90						32
			1,158	(2,175)	11	(1,006)	(79)	(1,085)
1,321		**1,321**						**9,164**
(45)		(45)						(45)
9,401	**1,892**	**11,293**	**(401)**	**(14)**	**584**	**169**	**(296)**	**85,629**
(462)		**(462)**						**(2,983)**
								396
	(500)	(500)						(500)
								114
								(1,104)
								65
(117)		(117)						(412)
80		80						
63		63						55
(477)		(477)						(769)
(16)		(16)						(13)
65	3	68						41
			(44)	(2,182)	663	(1,563)	(185)	(1,748)
844		**844**						**6,894**
(39)		(39)						(39)
9,342	**1,395**	**10,737**	**(445)**	**(2,196)**	**1,247**	**(1,394)**	**(481)**	**85,626**

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4.6 Notes to the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union

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

1.a APPLICABLE ACCOUNTING STANDARDS

The consolidated financial statements of the BNP Paribas Group have been prepared in accordance with international accounting standards (International Financial Reporting Standards – IFRS), as adopted for use in the European Union[1]. Accordingly, certain provisions of IAS 39 on hedge accounting have been excluded, and certain recent texts have not yet undergone the approval process.

The introduction of other standards, which are mandatory as of 1 January 2011, had no effect on the 2011 financial statements.

The Group did not choose to early-adopt the new standards, amendments, and interpretations adopted by the European Union whose application in 2011 was optional.

Information on the nature and extent of risks relating to financial instruments as required by IFRS 7 "Financial Instruments: Disclosures" and to insurance contracts as required by IFRS 4 "Insurance Contracts", along with information on regulatory capital required by IAS 1 "Presentation of Financial Statements" is presented in Chapter 5 "Pillar 3" of the Annual Report. This information, which is an integral part of the notes to the BNP Paribas Group's consolidated financial statements, is covered by the opinion of the Statutory Auditors concerning the consolidated financial statements, and is identified in the Annual Report by the word "Audited".

1.b CONSOLIDATION

1.b.1 Scope of consolidation

The consolidated financial statements of BNP Paribas include all entities under the exclusive or joint control of the Group or over which the Group exercises significant influence, with the exception of those entities whose consolidation is regarded as immaterial to the Group. The consolidation of an entity is regarded as immaterial if its contribution to the consolidated financial statements is below the following three thresholds: EUR 15 million of consolidated Revenues, EUR 1 million of consolidated gross operating income or net income before tax, EUR 500 million of total consolidated assets[2]. Companies that hold shares in consolidated companies are also consolidated.

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

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

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

1.b.2 Consolidation methods

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

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

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

(2) These thresholds were updated on 1 January 2011. Prior to this date, the thresholds stood at EUR 8 million of consolidated revenues, EUR 1 million of, consolidated gross operating income or net income before tax and EUR 40 million for total consolidated assets.

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

Enterprises over which the Group exercises significant influence (associates) are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decisions of an enterprise without exercising control. Significant influence is presumed to exist when the Group holds, directly or indirectly, 20% or more of the voting power of an enterprise. Interests of less than 20% are excluded from consolidation unless they represent a strategic investment and the Group effectively exercises significant influence. This applies to companies developed in partnership with other groups, where the BNP Paribas Group participates in strategic decisions of the enterprise through representation on the Board of Directors or equivalent governing body, exercises influence over the enterprise's operational management by supplying management systems or 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 on the assets side of the balance sheet under "Investments in associates" and in the relevant component of shareholders' equity. Goodwill on associates is also included under "Investments in associates".

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

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

Transactions resulting in a loss of control completed prior to 1 January 2010 give rise to the recognition of a gain or loss equal to the difference between the sale price and the Group's share in the underlying equity. For transactions completed after 1 January 2010, the revised IAS 27 now requires any equity interest retained by the Group to be remeasured at its fair value through profit or loss.

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

1.b.3 Consolidation procedures

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

Elimination of intragroup balances and transactions

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

Translation of financial statements expressed in foreign currencies

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

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

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

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

On liquidation or disposal of some or all of an interest held in a foreign enterprise located outside the euro zone, leading to a change in the nature of the investment (loss of control, significant influence or joint control), the cumulative translation adjustment recorded in equity at the date of the liquidation or sale is recognised in the profit and loss account.

Should the percentage interest held change without any modification in the nature of the investment, the translation adjustment is reallocated between the portion attributable to shareholders and that attributable to minority interests, if the enterprise is fully consolidated. For associates and joint ventures, the portion related to the interest sold is recognised in the profit and loss account.

1.b.4 Business combinations and measurement of goodwill

Business combinations

Business combinations are accounted for using the purchase method.

Under this method, the acquiree's identifiable assets and liabilities assumed are measured at fair value at the acquisition date except for non-current assets classified as assets held for sale, which are accounted for at fair value less costs to sell.

The acquiree's contingent liabilities are not recognised in the consolidated balance sheet unless they represent a present obligation on the acquisition date and their fair value can be measured reliably.

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued to obtain control of the acquiree. Costs directly attributable to the business combination are treated as a separate transaction and recognised through profit or loss.

Any contingent consideration is included in the consideration transferred at its acquisition-date fair value as soon as control is obtained. Subsequent changes in the value of any contingent consideration recognised as a financial liability are recognised through profit or loss.

The Group may recognise any adjustments to the provisional accounting within 12 months of the acquisition date.

Goodwill represents the difference between the cost of the combination and the acquirer's interest in the net fair value of the identifiable assets and liabilities of the acquiree at the acquisition date. Positive goodwill is recognised in the acquirer's balance sheet, while negative goodwill is recognised immediately in profit or loss, on the acquisition date. Minority interests are measured at their share of the fair value of the acquiree's identifiable assets and liabilities. However, for each business combination, the Group can elect to measure minority interests at fair value, in which case a proportion of goodwill is allocated to them. To date, the Group has never used this latter option.

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

On the acquisition date, any previously held equity interest in the acquiree is remeasured at its fair value through profit or loss. In the case of a step acquisition, the goodwill is therefore determined by reference to the acquisition-date fair value.

Since the revised IFRS 3 is applied prospectively, business combinations completed prior to 1 January 2010 were not restated for the effects of changes to IFRS 3.

As permitted under IFRS 1, business combinations that took place before 1 January 2004 and were recorded in accordance with the previously applicable accounting standards (French GAAP), have not been restated in accordance with the principles of IFRS 3.

Measurement of goodwill

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

Cash-generating units

The BNP Paribas Group has split all its activities into cash-generating units[(1)] representing major business lines. This split is consistent with the Group's organisational structure and management methods, and reflects the independence of each unit in terms of results and management approach. It is reviewed on a regular basis in order to take account of events likely to affect the composition of cash-generating units, such as acquisitions, disposals and major reorganisations.

Testing cash-generating units for impairment

Goodwill allocated to cash-generating units is tested for impairment annually and whenever there is an indication that a unit may be impaired, by comparing the carrying amount of the unit with its recoverable amount. If the recoverable amount is less than the carrying amount, an irreversible impairment loss is recognised, and the goodwill is written down by the excess of the carrying amount of the unit over its recoverable amount.

Recoverable amount of a cash-generating unit

The recoverable amount of a cash-generating unit is the higher of the fair value of the unit and its value in use.

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

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

1.c FINANCIAL ASSETS AND FINANCIAL LIABILITIES

1.c.1 Loans and receivables

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

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

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

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

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

(1) As defined by IAS 36.

1.c.2 Regulated savings and loan contracts

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

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

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

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

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

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

The reinvestment rate for savings and the refinancing rate for loans are derived from the swap yield curve and from the spreads expected on financial instruments of similar type and maturity. Spreads are determined on the basis of actual spreads on fixed rate home loans in the case of the loan phase and 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 with respect to the savings and loan phases of any generation of contracts indicates a potentially unfavourable situation for the Group, a provision is recognised (with no offset between generations) in the balance sheet in "Provisions for contingencies and charges". Movements in this provision are recognised as interest income in the profit and loss account.

1.c.3 Securities

Categories of securities

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise of:

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

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

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

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

Loans and receivables

Securities with fixed or determinable payments that are not traded on an active market, apart from securities for which the owner may not recover almost all of its initial investment due to reasons other than credit deterioration, are classified as "Loans and receivables" if they do not meet the criteria to be classified as "Financial assets at fair value through profit or loss." These securities are measured and recognised as described in section 1.c.1.

Held-to-maturity financial assets

Held-to-maturity financial assets are investments with fixed or determinable payments and fixed maturity that the Group has the intention and ability to hold until maturity. Hedges contracted to cover assets in this category against interest rate risk do not qualify for hedge accounting as defined in IAS 39.

Assets in this category are accounted for at amortised cost using the effective interest method, which builds in amortisation of premium and discount (corresponding to the difference between the purchase price and redemption value of the asset) and acquisition costs (where material). Income earned from this category of assets is included in "Interest income" in the profit and loss account.

Available-for-sale financial assets

Available-for-sale financial assets are fixed-income and variable-income securities other than those classified as "fair value through profit or loss" or "held-to-maturity" or "loans and receivables".

Assets included in the available-for-sale category are initially recorded at fair value, plus transaction costs where material. At the balance sheet date, they are remeasured at fair value, with changes in fair value (excluding accrued interest) shown on a separate line in shareholders' equity. Upon disposal, these unrealised gains and losses are transferred from shareholders' equity to the profit and loss account, where they are shown on the line "Net gain/loss on available-for-sale financial assets". The same applies in the event of impairment.

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

Repurchase agreements and securities lending/borrowing

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

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

Securities lending transactions do not result in derecognition of the lent securities, and securities borrowing transactions do not result in recognition of the borrowed securities on the balance sheet, 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 on the balance sheet under "Financial liabilities at fair value through profit or loss".

Date of recognition for securities transactions

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

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

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

1.c.4 Foreign currency transactions

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

Monetary assets and liabilities[1] expressed in foreign currencies

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

Non-monetary assets and liabilities expressed in foreign currencies

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

Translation differences on non-monetary assets expressed in foreign currencies and measured at fair value (variable-income securities) are recognised in the profit and loss account if the asset is classified under "Financial assets at fair value through profit or loss", and in shareholders' equity if the asset is classified under "Available-for-sale financial assets", if the financial asset in question is designated as an item hedged against foreign exchange risk in a fair value hedging relationship, then 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 reliably measured. Loans are initially assessed for evidence of impairment on an individual basis, and subsequently on a portfolio basis. Similar principles are applied to financing and guarantee commitments given by the Group, with the probability of drawdown taken into account in any assessment of financing commitments.

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

- the existence of accounts that are more than three months past due (six months past due for real estate loans and loans to local authorities);
- knowledge or indications that the borrower meets significant financial difficulty, such that a risk can be considered to have arisen regardless of whether the borrower has missed any payments;
- concessions with respect to the credit terms granted to the borrower that the lender would not have considered had the borrower not been meeting financial difficulty.

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 recognised in 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, income earned on the carrying amount of the asset calculated at the original effective interest rate used to discount the estimated recoverable cash flows is recognised under "Interest income" in the profit and loss account.

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

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

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

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

Impairment of available-for-sale financial assets

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

In the case of variable-income securities quoted in an active market, the control system identifies securities that may be impaired on a long term basis and is based on criteria such as a significant decline in quoted price below the acquisition cost or a prolonged decline, which prompts the Group to carry out an additional individual qualitative analysis. This may lead to the recognition of an impairment loss calculated on the basis of the quoted price.

Apart from the identification criteria, the Group has determined three indications of impairment, one being a significant decline in price, defined as a fall of more than 50% of the acquisition price, another being a prolonged decline over two consecutive years and the final one being a decline on average of at least 30% over an observation period of one year. The Group believes that a period of two years is what is necessary for a moderate decline in price below the purchase cost to be considered as something more than just the effect of random volatility inherent in the stock markets or a cyclical change lasting a few years, but which represents a lasting phenomenon justifying an impairment.

A similar method is applied for variable-income securities not quoted in an active market. Any impairment is then determined based on the model value.

In the case of fixed-income securities, impairment is assessed based on the same criteria applied to individually impaired loans and receivables. For securities quoted in an active market, impairment is determined based on the quoted price. For all the others, it is determined based on model value.

Impairment losses taken against variable-income securities are recognised as a component of Revenues on the line "Net gain/loss on available-for-sale financial assets", and may not be reversed through the profit and loss account until these securities are sold. Any subsequent decline in fair value constitutes an additional impairment loss, recognised in the profit and loss account.

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

1.c.6 Reclassification of financial assets

The only authorised reclassifications of financial assets are the following:

- for a non-derivative financial asset which is no longer held for the purposes of selling it in the near-term, out of "Financial assets at fair value through profit or loss" and into:
  - "Loans and receivables" if the asset meets the definition for this category and the Group has the intention and ability to hold the asset for the foreseeable future or until maturity, or
  - other categories only under rare circumstances when justified and provided that the reclassified assets meet the conditions applicable to the host portfolio;
- out of "Available-for-sale financial assets" and into:
  - "Loans and receivables" with the same conditions as set out above for "Financial assets at fair value through profit or loss,
  - "Held-to-maturity financial assets," for assets that have a maturity, or "Financial assets at cost," for unlisted variable-income assets.

Financial assets are reclassified at fair value, or at the value calculated by a model, on the reclassification date. Any derivatives embedded in the reclassified financial assets are recognised separately and changes in fair value are recognised through profit or loss.

After reclassification, assets are recognised according to the provisions applied to the host portfolio. The transfer price on the reclassification date is deemed to be the initial cost of the asset for the purpose of determining any impairment.

In the event of reclassification from "available-for-sale financial assets" to another category, gains or losses previously recognised through equity are amortised to profit or loss over the residual life of the instrument using the effective interest 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 is required to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group, or to deliver a variable number of the Group's own equity instruments.

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

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

1.c.8 Own equity instruments and own equity instrument derivatives

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

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

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

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

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

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

1.c.9 Derivative instruments and hedge accounting

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

Derivatives held for trading purposes

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

Derivatives and hedge accounting

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

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

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

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

On inception and at least quarterly, the Group assesses, in consistency with the original documentation, the actual (retrospective) and expected (prospective) effectiveness of the hedging relationship. Retrospective effectiveness tests are designed to assess whether 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 recognise in profit or loss in "Net gain/loss on financial instruments at fair value through profit or loss", symmetrically with the remeasurement of the hedged item to reflect the hedged risk. In the balance sheet, the fair value remeasurement of the hedged component is recognised in accordance with the classification of the hedged item in the case of a hedge of identified assets and liabilities, or under "Remeasurement adjustment on interest rate risk hedged portfolios" in the case of a portfolio hedging relationship.

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

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

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

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

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

Hedges of net foreign currency investments in subsidiaries and branches are accounted for in the same way as cash flow hedges. Hedging instruments may be currency derivatives or any other non-derivative financial instrument.

Embedded derivatives

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

1.c.10 Determination of fair value

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

Fair value is determined:

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

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

Use of quoted prices in an active market

If quoted prices in an active market are available, they are used to determine fair value. These represent directly quoted prices for identical instruments.

Use of models to value unquoted financial instruments

The majority of over-the-counter derivatives are traded in active markets. Valuations are determined using generally accepted models (discounted cash flows, Black-Scholes model, interpolation techniques) based on quoted market prices for similar instruments or underlyings.

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

These models use market parameters calibrated on the basis of observable data such as yield curves, implicit volatility layers of options, default rates, and loss assumptions.

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

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

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

Other illiquid complex financial instruments are valued using internally-developed techniques, that are entirely based on data or on partially non-observable active markets.

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

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

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

1.c.11 Financial assets and liabilities designated at fair value through profit or loss (fair value option)

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

This option allows entities to designate any financial asset or financial liability on initial recognition 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 separated and accounted for separately;
- where using the option enables the entity to eliminate or significantly reduce a mismatch in the measurement and accounting treatment of assets and liabilities that would arise if they were to be classified in separate categories;
- when a group of financial assets and/or financial liabilities is managed and measured on the basis of fair value, in accordance with a documented risk management and investment strategy.

1.c.12 Income and expenses arising from financial assets and financial liabilities

Income and expenses arising from financial instruments measured at amortised cost and from fixed-income securities classified in "Available-for-sale financial assets" are recognised in the profit and loss account using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the asset or liability in the balance sheet. The effective interest rate calculation takes into account all fees received or paid that are an integral part of the effective interest rate of the contract, transaction costs, and (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 with respect to default risk incurred on counterparties for over-the-counter financial instruments, as well as expenses relating to fraud and to disputes inherent to the financing business.

1.c.14 Derecognition of financial assets and financial liabilities

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

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

1.c.15 Offsetting financial assets and financial liabilities

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

Repurchase agreements and derivatives traded with clearing houses that meet the two criteria set out in the accounting standard are offset in the balance sheet.

1.d ACCOUNTING STANDARDS SPECIFIC TO INSURANCE BUSINESS

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

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

1.d.1 Assets

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

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

1.d.2 Liabilities

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

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

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

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

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

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

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

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

In the event of an unrealised loss on shadow accounted assets, a policyholders' loss reserve is recognised on the assets side of the consolidated balance sheet in an amount equal to the probable deduction from the policyholders' future profit share. The recoverability of the policyholders' loss reserve is assessed prospectively, taking into account policyholders' surplus reserves recognised elsewhere, capital gains on financial assets that are not shadow accounted due to accounting elections made (held-to-maturity financial assets and property investments measured at cost) and the Company's ability and intention to hold the assets carrying the unrealised loss. The policyholders' loss reserve is recognised symmetrically with the corresponding assets and shown on the assets side of the balance sheet under the line item "Accrued income and other assets".

1.d.3 Profit and loss account

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

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

1.e PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

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

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

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

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

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

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

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

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

Where an asset consists of a number of components 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 either be the lessee or the lessor in a lease agreement.

1.f.1 Lessor accounting

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

Finance leases

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

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

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

Operating leases

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

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

1.f.2 Lessee accounting

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

Finance leases

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

Operating leases

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

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

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

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

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

Where a group of assets and liabilities held for sale represents a 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 resell.

All gains and losses related to discontinued operations are shown separately in the profit and loss account, on the line "Post-tax gain/loss on discontinued operations and assets held for sale". This line includes the post-tax profits or losses of discontinued operations, the post-tax gain or loss arising from remeasurement at fair value less costs to sell, and the post-tax gain or loss on disposal of the operation.

1.h EMPLOYEE BENEFITS

Employee benefits are classified in one of four categories:

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

Short-term benefits

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

Long-term benefits

These are benefits, other than post-employment benefits and termination benefits, which are not settled fully within 12 months after the employees render the related service. This relates, in particular, to compensation deferred for more than 12 months and not linked to the BNP Paribas share price, which is accrued in the financial statements for the period in which it is earned.

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

Termination benefits

Termination benefits are employee benefits payable as a result of a decision by the Group to terminate a contract of employment before the legal retirement age or a decision by an employee to accept voluntary redundancy in exchange for these benefits. Termination benefits due more than 12 months after the balance sheet date are discounted.

Post-employment benefits

In accordance with IFRS, The BNP Paribas Group draws a distinction between defined-contribution plans and defined-benefit plans.

Defined-contribution plans do not give rise to an obligation for the Group and "consequently" do not require a provision. The amount of the employer's contributions payable during the period is recognised as an expense.

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

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

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

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

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

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

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

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

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

1.i SHARE-BASED PAYMENT

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

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

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

Stock option and share award plans

The expense related to stock option and share award plans is recognised over the vesting period, if the benefit is conditional upon the grantee's continued employment.

Stock options and share award expenses are recorded under salaries and employee benefits' account, with the credit entry is posted to shareholders' equity. They are calculated on the basis of the overall plan value, determined at the date of grant by the Board of Directors.

In the absence of any market for these instruments, financial valuation models are used that take into account any performance conditions related to the BNP Paribas share price. The total expense of a plan is determined by multiplying the unit value per option or share awarded by the estimated number of options or shares awarded that will vest at the end of the vesting period, taking into account the conditions regarding the grantee's continued employment.

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

Share price-linked cash-settled deferred compensation plans

The expense related to these plans is recognised in the year during which the employee rendered the corresponding services.

If the payment of share-based variable compensation is explicitly subject to the employee's continued presence at the vesting date, the services are presumed to have been rendered during the vesting period and the corresponding compensation expense is recognised on a pro rata basis over that period. The expense is recognised under salaries and employee benefits' account with a corresponding liability in the balance sheet. It is revised to take into account any non-fulfilment of the continued presence or performance conditions and the change in BNP Paribas share price.

If there is no continued presence condition, the expense is not deferred, but recognised immediately with a corresponding liability in the balance sheet. This is then revised on each reporting date until settlement to take into account any performance conditions and the change in the BNP Paribas share price.

Share subscriptions or purchases offered to employees under the Company Savings Plan

Share subscriptions or purchases offered to employees under the Company Savings Plan (*Plan d'Épargne Entreprise*) at lower-than-market rates over a specified period do not include a vesting period. However, employees are prohibited by law from selling shares acquired under this plan for a period of five years. This restriction is taken into account by measuring the benefit to the employees, which is reduced accordingly. Therefore, the benefit equals the difference, at the date the plan is announced to employees, between the fair value of the share (after allowing for the restriction on sale) and the acquisition price paid by the employee, multiplied by the number of shares acquired.

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

1.j PROVISIONS RECORDED UNDER LIABILITIES

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

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

1.k CURRENT AND DEFERRED TAXES

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

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

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

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

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

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

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

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

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

1.l CASH FLOW STATEMENT

The cash and cash equivalents balance is composed of the net balance of cash accounts and accounts with central banks and 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 the preparation of the financial statements when making their estimates. The actual future results from operations where managers have made use of estimates may in reality differ significantly from those estimates, mainly according to market conditions. This may have a material effect on the financial statements.

This applies in particular to:

- impairment losses recognised to cover credit risks inherent in banking intermediation activities;
- the use of internally-developed models to measure positions in financial instruments that are not quoted in active markets;
- calculations of the fair value of unquoted financial instruments classified in "Available-for-sale financial assets", "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss", and more generally calculations of the fair value of financial instruments subject to a fair value disclosure requirement;
- whether a market is active or inactive for the purposes of using a valuation technique;
- impairment losses on variable-income financial assets classified as "available-for-sale";
- impairment tests performed on intangible assets;
- the appropriateness of the designation of certain derivative instruments such as cash flow hedges, and the measurement of hedge effectiveness;

- estimates of the residual value of assets leased under finance leases or operating leases, and more generally of assets on which depreciation is charged net of their estimated residual value;
- the measurement of provisions for contingencies and charges.

This is also the case for assumptions applied to assess the sensitivity of each type of market risk and the sensitivity of valuations to non-observable parameters.

Note 2 NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

2.a NET INTEREST INCOME

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

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

	Year to 31 Dec. 2011			Year to 31 Dec. 2010		
In millions of euros	Income	Expense	Net	Income	Expense	Net
Customer items	**29,146**	**(8,740)**	**20,406**	**28,933**	**(8,515)**	**20,418**
Deposits, loans and borrowings	27,424	(8,388)	19,036	26,900	(8,044)	18,856
Repurchase agreements	61	(203)	(142)	145	(209)	(64)
Finance leases	1,661	(149)	1,512	1,888	(262)	1,626
Interbank items	**2,102**	**(2,621)**	**(519)**	**2,855**	**(3,499)**	**(644)**
Deposits, loans and borrowings	1,905	(2,274)	(369)	2,634	(2,973)	(339)
Repurchase agreements	197	(347)	(150)	221	(526)	(305)
Debt securities issued	**-**	**(4,025)**	**(4,025)**	**-**	**(3,320)**	**(3,320)**
Cash flow hedge instruments	**2,903**	**(2,535)**	**368**	**3,251**	**(2,909)**	**342**
Interest rate portfolio hedge instruments	**1,519**	**(2,712)**	**(1,193)**	**1,299**	**(2,822)**	**(1,523)**
Trading book	**4,518**	**(2,510)**	**2,008**	**4,080**	**(2,263)**	**1,817**
Fixed-income securities	2,435	-	2,435	2,586	-	2,586
Repurchase agreements	1,726	(1,776)	(50)	1,081	(1,210)	(129)
Loans/ Borrowings	357	(528)	(171)	413	(539)	(126)
Debt securities	-	(206)	(206)	-	(514)	(514)
Available-for-sale financial assets	**6,268**	**-**	**6,268**	**6,258**	**-**	**6,258**
Held-to-maturity financial assets	**668**	**-**	**668**	**712**	**-**	**712**
TOTAL INTEREST INCOME/(EXPENSE)	**47,124**	**(23,143)**	**23,981**	**47,388**	**(23,328)**	**24,060**

Interest income on individually impaired loans amounted to EUR 554 million in the year ended 31°December 2011 compared with EUR 572 million in the year ended 31 December 2010.

2.b COMMISSION INCOME AND EXPENSE

Commission income and expense on financial instruments, which are not measured at fair value through profit or loss amounted to EUR 3,583 million and EUR 596 million respectively in 2011, compared with income of EUR 3,438 million and expense of EUR 554 million in 2010.

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 2,454 million in 2011, compared with EUR 2,451 million in 2010.

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. 2011	Year to 31 Dec. 2010
Trading book	**952**	**3,670**
Debt instruments	(297)	1,657
Equity instruments	455	1,303
Other derivatives	806	734
Repurchase agreements	(12)	(24)
Financial instruments designated at fair value through profit or loss	**2,891**	**524**
Of which debt remeasurement effect arising from BNPP Group issuer risk	*1,190*	*95*
Impact of hedge accounting	**(117)**	**27**
Fair value hedges	(1,989)	(322)
Hedged items in fair value hedge	1,872	349
Remeasurement of currency positions	**7**	**888**
TOTAL	**3,733**	**5,109**

Net gains on the trading book in 2011 and 2010 include a non-material amount related to the ineffective portion of cash flow hedges.

2.d NET GAIN/LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS AND OTHER FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE

In millions of euros	Year to 31 Dec. 2011	Year to 31 Dec. 2010
Loans and receivables, fixed-income securities(1)	**(408)**	**372**
Disposal gains and losses	(408)	372
Equities and other variable-income securities	**688**	**80**
Dividend income	453	430
Additions to impairment provisions	(731)	(730)
Net disposal gains	966	380
TOTAL	**280**	**452**

(1) Interest income from fixed-income financial instruments is included in "Net interest income" (note 2.a), and impairment losses related to potential issuer default are included in "Cost of risk" (note 2.f).

Unrealised gains and losses, after the impact of insurance-related surplus allocated reserves, previously recorded under "Change in assets and liabilities recognised directly in shareholders' equity" and included in the pre-tax income, amounted to a net gain of EUR 742 million for the year ended 31 December 2011 compared with a net gain of EUR 91 million for the year ended 31 December 2010.

The adjustment of impairment criteria for variable-income securities presented in note 1.c.5, under which an unrealised loss must be observed for two years instead of five years, resulted in an additional impairment charge of EUR 7 million after the impact of insurance-related surplus allocated reserves.

Application of impairment criteria based on the sharp fall in the share price or over the duration therefore represents an impairment charge of EUR 67 million for 2011, with EUR 44 million under the first criterion and EUR 23 under the second criterion.

2.e NET INCOME FROM OTHER ACTIVITIES

In millions of euros	Year to 31 Dec. 2011			Year to 31 Dec. 2010		
	Income	Expense	Net	Income	Expense	Net
Net income from insurance activities	18,204	(14,559)	3,645	21,497	(18,088)	3,409
Net income from investment property	1,301	(500)	801	1,577	(787)	790
Net income from assets held under operating leases	5,627	(4,567)	1,060	5,133	(3,971)	1,162
Net income from property development activities	216	(41)	175	191	(48)	143
Other income and expense	1,488	(1,198)	290	1,987	(1,718)	269
TOTAL NET INCOME FROM OTHER ACTIVITIES	**26,836**	**(20,865)**	**5,971**	**30,385**	**(24,612)**	**5,773**

➤ NET INCOME FROM INSURANCE ACTIVITIES

In millions of euros	Year to 31 Dec. 2011	Year to 31 Dec. 2010
Gross premiums written	16,288	18,691
Movement in technical reserves	1,572	(7,608)
Claims and benefits expense	(12,484)	(8,996)
Reinsurance ceded, net	(361)	(292)
Change in value of admissible investments related to unit-linked business	(1,597)	1,412
Other income and expense	227	202
TOTAL NET INCOME FROM INSURANCE ACTIVITIES	**3,645**	**3,409**

"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".

2.f COST OF RISK

"Cost of risk" represents the net amount of impairment losses recognised in respect to credit risks inherent in the Group's banking intermediation activities, plus any impairment losses in the cases of known counterparty risks on over-the-counter financial instruments.

Cost of risk for the period

➤ COST OF RISK FOR THE PERIOD

In millions of euros	Year to 31 Dec. 2011	Year to 31 Dec. 2010
Net additions to impairment provisions	(6,751)	(4,594)
of which losses on Greek sovereign debt(1)	*(3,241)*	-
Recoveries on loans and receivables previously written off	514	393
Irrecoverable loans and receivables not covered by impairment provisions	(560)	(601)
TOTAL COST OF RISK FOR THE PERIOD	**(6,797)**	**(4,802)**

(1) The provisioning charge relating to Greek sovereign debt results from the release to income of the change in value of securities recognised in equity on the date these securities were reclassified as loans and receivables (see note 4), i.e. EUR 1,296 million, and from additional provisioning assuming a 75% loss.

COST OF RISK FOR THE PERIOD BY ASSET TYPE

In millions of euros	Year to 31 Dec. 2011	Year to 31 Dec. 2010
Loans and receivables due from credit institutions	47	105
Loans and receivables due from customers[(1)]	(6,085)	(4,921)
Available-for-sale financial assets[(1)]	(569)	131
Held to maturity	(22)	-
Financial instruments on trading activities	(132)	(167)
Other assets	4	70
Off-balance sheet commitments and other items	(40)	(20)
TOTAL COST OF RISK FOR THE PERIOD	**(6,797)**	**(4,802)**

(1) *The provisioning charge relating to Greek sovereign debt results from the release to income of the change in value of securities recognised in equity on the date these securities were reclassified as loans and receivables (see note 4), i.e. EUR 1,296 million, and from additional provisioning assuming a 75% loss.*

Provisions for impairment: credit risks

MOVEMENT IN IMPAIRMENT PROVISIONS DURING THE PERIOD

In millions of euros	Year to 31 Dec. 2011	Year to 31 Dec. 2010
TOTAL IMPAIRMENT PROVISIONS AT START OF PERIOD	**29,783**	**28,800**
Net additions to impairment provisions	6,005	4,594
Of which losses on Greek sovereign debt	*2,395*	-
Utilisation of impairment provisions	(3,935)	(3,254)
Effect of exchange rate movements and other items	(1,178)	(357)
TOTAL IMPAIRMENT PROVISIONS AT END OF PERIOD	**30,675**	**29,783**

IMPAIRMENT PROVISION BY ASSET TYPE

In millions of euros	31 December 2011	31 December 2010
Impairment of assets		
Loans and receivables due from credit institutions *(note 5.f)*	707	994
Loans and receivables due from customers *(note 5.g)*	27,958	26,671
Financial instruments on trading activities	598	528
Available-for-sale financial assets *(note 5.c)*	162	454
Held-to-maturity financial assets	223	-
Other assets	36	41
TOTAL IMPAIRMENT PROVISIONS AGAINST FINANCIAL ASSETS	**29,684**	**28,688**
of which specific provisions	*24,184*	*22,782*
of which collective provisions	*4,866*	*5,337*
Provisions recognised as liabilities		
Provisions for off-balance sheet commitments		
to credit institutions	23	6
to customers	478	600
Other items subject to provisions	490	489
TOTAL PROVISIONS RECOGNISED AS LIABILITIES	**991**	**1,095**
of which specific provisions	*368*	*448*
of which collective provisions	*133*	*158*
TOTAL IMPAIRMENT PROVISIONS	**30,675**	**29,783**

2.g CORPORATE INCOME TAX

Reconciliation of income tax expense to theoretical tax expense at standard tax rate in France(1)	Year to 31 Dec. 2011 in millions of euros	Tax rate	Year to 31 Dec. 2010 in millions of euros	Tax rate
Corporate income at standard tax rate expense in France(2)	**(3,493)**	**36.1%**	**(4,418)**	**34.4%**
Differential effect in tax rates applicable to foreign entities	187	-1.9%	286	-2.2%
Effect of dividends and asset disposals taxed at reduced rate	169	-1.7%	3	-
Tax effect linked to the capitalisation of tax loss carryforwards and prior temporary differences	244	-2.5%	80	-0.6%
Tax effect of using prior tax losses not capitalised	29	-0.3%	60	-0.5%
Other items	107	-1.2%	133	-1.0%
Corporate income tax expense	**(2,757)**	**28.5%**	**(3,856)**	**30.1%**
Of which				
Current tax expense for the year to 31 December	*(2,070)*		*(2,284)*	
Deferred tax expense for the year to 31 December (note 5.k)	*(687)*		*(1,572)*	

(1) Including 3.3% social security contribution tax and the exceptional 5% contribution calculated on French corporate tax at 33.33%, lifting it to 36.10% in 2011.

(2) Restated for the share of income from companies accounted for under the equity method and goodwill amortisation.

Note 3 SEGMENT INFORMATION

The Group is composed of three core businesses:

- Retail Banking, which covers French retail banking (FRB), Italian Retail Banking (BNL banca commerciale) as well as the personal and business retail banking entity in Belgium and Luxembourg (Belux Retail Banking). It also includes 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.

Other activities mainly include Principal Investments, the Klépierre property investment company, and the Group's corporate functions. They also include non-recurring items resulting from applying the rules on business combinations. In order to provide consistent economic and relevant information for each area of operations, the impact of amortising fair value adjustments recognised in the net equity of entities acquired and restructuring costs incurred in respect to the integration of entities have been allocated to this segment.

As part of the application of the new consolidation thresholds, several units were deconsolidated or were accounted for using a different method of consolidation in 2011. To facilitate analysis of the business segments' performance, results for 2010 were restated as if these consolidation thresholds had changed on 1 January 2010. The corresponding differences were accounted for under "Other Activities" so as not to affect the Group's overall results.

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 into account 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. 2011						Year to 31 Dec. 2010					
	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)]	**6,717**	(4,462)	(315)	**1,940**	2	**1,942**	**6,600**	(4,406)	(481)	**1,713**	3	**1,716**
BNL banca commerciale[(1)]	**3,101**	(1,806)	(793)	**502**	-	**502**	**3,026**	(1,776)	(817)	**433**	(1)	**432**
BeLux Retail Banking[(1)]	**3,409**	(2,433)	(169)	**807**	12	**819**	**3,261**	(2,354)	(222)	**685**	4	**689**
Personal Finance	**5,092**	(2,420)	(1,639)	**1,033**	160	**1,193**	**5,021**	(2,311)	(1,913)	**797**	94	**891**
Other retail banking activities	**5,344**	(3,350)	(649)	**1,345**	86	**1,431**	**5,431**	(3,336)	(1,066)	**1,029**	27	**1,056**
Investment Solutions	**6,265**	(4,554)	(64)	**1,647**	(74)	**1,573**	**6,096**	(4,297)	21	**1,820**	162	**1,982**
Corporate and Investment Banking												
Advisory & Capital Markets	**5,598**	(4,377)	21	**1,242**	30	**1,272**	**7,641**	(4,770)	(302)	**2,569**	45	**2,614**
Financing	**4,133**	(1,749)	(96)	**2,288**	50	**2,338**	**4,495**	(1,730)	(48)	**2,717**	49	**2,766**
Other Activities	**2,725**	(965)	(3,093)	**(1,333)**	(86)	**(1,419)**	**2,309**	(1,537)	26	**798**	76	**874**
TOTAL GROUP	**42,384**	**(26,116)**	**(6,797)**	**9,471**	**180**	**9,651**	**43,880**	**(26,517)**	**(4,802)**	**12,561**	**459**	**13,020**

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

➤ ASSETS AND LIABILITIES BY BUSINESS SEGMENT

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

In millions of euros	31 December 2011		31 December 2010	
	Assets	Liabilities	Assets	Liabilities
Retail Banking				
French Retail Banking	154,537	148,331	155,770	149,999
BNL banca commerciale	86,662	79,984	88,464	81,957
BeLux Retail Banking	103,795	100,655	98,318	95,590
Personal Finance	91,561	85,410	91,888	85,600
Other retail banking activities	132,971	120,426	131,372	118,740
Investment Solutions	**212,807**	**200,849**	**227,962**	**219,366**
Corporate and Investment Banking	**1,050,883**	**1,039,095**	**1,083,280**	**1,069,487**
Other Activities	**132,067**	**190,533**	**121,104**	**177,419**
TOTAL GROUP	**1,965,283**	**1,965,283**	**1,998,158**	**1,998,158**

Information by business segment relating to companies accounted for under the equity method and goodwill amortisation in the period is presented respectively in note 5.m Investments in Associates and note 5.o Goodwill.

Information by geographic area

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

➤ REVENUES BY GEOGRAPHIC AREA

In millions of euros	Year to 31 Dec. 2011	Year to 31 Dec. 2010
France	16,773	15,300
Belgium	4,702	5,241
Italy	3,857	4,733
Luxembourg	1,478	1,555
Other European Countries excluding domestics markets	7,130	7,741
Americas	4,977	5,664
Asia – Oceania	1,998	2,036
Other countries	1,469	1,610
TOTAL	**42,384**	**43,880**

➤ ASSETS AND LIABILITIES BY GEOGRAPHIC AREA

In millions of euros	31 December 2011	31 December 2010
France	972,274	959,561
Belgium	252,086	256,063
Italy	136,392	141,746
Luxembourg	36,829	34,197
Other European Countries excluding domestics markets	244,747	245,212
Americas	201,184	206,693
Asia – Oceania	90,198	123,075
Other countries	31,573	31,611
TOTAL	**1,965,283**	**1,998,158**

Note 4 EXPOSURE TO SOVEREIGN RISK

As part of its liquidity management, the Group seeks to maximise the refinancing available to it so that it can meet unexpected liquidity needs. In particular, this strategy is predicated on holding securities eligible as collateral for refinancing from central banks and includes a substantial proportion of highly rated debt securities issued by governments representing a low level of risk. As part of its Asset and Liability Management (ALM) and structural interest-rate risk management policy, the Group also holds a portfolio of assets that includes sovereign debt instruments, with interest-rate characteristics that contribute to its hedging strategies. In addition, the Group is a prime dealer in sovereign debt securities in a number of countries, which leads it to take temporary long and short trading positions, some of which are hedged by derivatives.

These portfolios are presented in the chapter of the Annual Report dealing with Pillar 3.

Special circumstances concerning sovereign credit risk in Greece, Ireland and Portugal, which have received support under a European plan

Three European countries, namely Greece, Ireland and Portugal, have experienced a marked deterioration in their public finances against the backdrop of the economic and financial crisis, which progressively prompted the markets to shun public-sector debt securities issued by these countries, leaving them unable to raise the funding they need to run their public deficits.

The European solidarity policy defined in such circumstances by the euro zone member countries prompted them, in conjunction with the International Monetary Fund (IMF), to put in place support arrangements, leading to the formulation and implementation of several plans for Greece, then for Ireland and Portugal.

In May 2010, the euro zone governments and the IMF undertook to provide Greece with a EUR 110 billion support plan in exchange for a commitment to reduce its budget deficit. During the first half of 2011, the European authorities restated their support for Greece and talks were held to put in place a second plan including participation by private investors. On 21 July 2011, representatives from the 17 euro zone member states drew up a second assistance plan for Greece worth close to EUR 160 billion overall. This plan was confirmed in a meeting of the same representatives on 26 October 2011, subject to Greece reaching an agreement with representatives of private-sector creditors under which those creditors would waive 50% of the nominal value of Greek government securities they hold, in return for the reimbursement of around 15% of securities held in a form to be determined, along with the issue of new securities to be exchanged for existing securities and representing 35% of their nominal value. This agreement was defined and supplemented on 21 February 2012 after talks between representatives of the Greek government, private-sector investors and the Eurogroup.

The support plan for Ireland, which was adopted in November 2010, provided for EUR 85 billion in public support, while the plan for Portugal adopted in May 2011 provided for EUR 78 billion in public support.

Each of these plans is accompanied by measures to bring about hefty reductions in the public deficits.

Accounting treatment of debt securities issued by Greece, Ireland and Portugal

1. Reclassification of securities at 30 June 2011

The lack of liquidity seen during the first half of 2011 in the markets for the public debt instruments issued by these countries, plus in Greece's case, the undertaking given by French banks at the request of the authorities not to sell their position, prompted BNP Paribas that these securities could no longer be classified as available-for-sale assets.

The standstill in the primary market, the increasingly thin trading volumes in the secondary market, their small size and the widening in bid/offer spreads reflect investors' risk aversion to these three countries and the near disappearance of the market. Illustrating this, the monthly transaction volumes in Greek sovereign debt instruments accounted during the first half of 2011 for just 2% of the monthly average recorded over the past ten years. The implied yield curve on the public debt of these countries is currently inverted – with short-term rates significantly higher than long-term rates – confirming the dislocation of the market. The implied losses that the very high level of short-term rates suggests do not reflect the expected results of the support plans implemented to give these countries the ability to get their public finances back in shape and honour their commitments.

Accordingly, as permitted in paragraph 50E of IAS 39 in such exceptional circumstances, and given the period that the bank believes to be necessary for these three countries to restore the state of their finances, the BNP Paribas Group reclassified – with effect from 30 June 2011 – public debt securities from these three countries from the "Available-for-sale financial assets" category to the "Loans and receivables" heading.

Greek sovereign debt instruments due to mature prior to 31 December 2020 were covered by provisions under the second support plan for Greece, which was initiated in June 2011 and finalised on 21 July 2011, reflecting the banks' commitment to provide support. This plan has several options, including a voluntary exchange at par for 30-year debt securities with their principal collateralised by AAA-rated zero coupon bonds, with terms leading to recognition of an initial discount of 21%. The BNP Paribas Group intended to take up this exchange option in connection with the collective undertaking given by the French financial sector. Accordingly, the debt securities held on the Group's balance sheet and due to be exchanged were measured by recognising the 21% discount. Treated as a concession by the lender owing to the difficulties encountered by the borrower, this discount led to an impairment loss being recognised through profit or loss in the first half of 2011.

In regards to Greek sovereign debt securities not exchanged, as well as Irish and Portuguese sovereign debt instruments, after due consideration of the various aspects of the European support plan, some investors took the view that there was no objective evidence that the recovery of the future cash flows associated with these securities was compromised, especially since the European Council had stressed the unique and non-replicable nature of the private sector's participation in such an operation. Accordingly, the bank took the view that there were no grounds to recognise impairment in these securities.

2. Measurement of securities at 31 December 2011

In the second half of 2011, it was recognised that Greece was having trouble meeting the economic targets on which the 21 July plan was based, particularly in regards to sustainability of its debts. This led to a new agreement in principle, dated 26 October, based on private-sector creditors waiving 50% of amounts owed to them. Since the arrangements for implementing this agreement have not been definitively settled by all of the international institutions concerned, the bank has determined the impairment loss on all the securities it holds on the basis of the most recent proposal put forward by private-sector creditors represented by the Institute of International Finance (IIF).

On the basis of (1) a 50% haircut, (2) the immediate repayment of 15% of amounts owed through securities of the European Financial Stability Facility (EFSF) with a maturity of two years and paying market interest rates, (3) the payment of accrued interest through EFSF securities with a maturity of six months and paying market interest rates, (4) a coupon of 3% until 2020 and 3.75% subsequently on securities maturing between 2023 and 2042 received in exchange for existing securities and (5) a discount rate of 12% on future cash flows, the bank has estimated the likely loss on existing securities as 75%, which is almost identical to that priced in by the market through the average discount on these securities at 31 December 2011.

On 21 February 2012, the agreement was defined and supplemented between the representatives of the Greek government, private-sector investors and the Eurogroup, to enable Greece to achieve a debt ratio of 120.5% in 2020 as opposed to 160% in 2011, and to achieve the financial stability sought through the plan. The offer involves private-sector investors waiving 53.5% of the nominal value of their Greek bonds, reducing Greece's debt by around EUR 107 billion, in return for a public-sector contribution of EUR 30 billion.

The main characteristics of the Greek exchange offer are as follows:

- for each bond held by the private sector, 53.5% of the principal will be waived, 31.5% will be exchanged for 20 bonds issued by Greece with maturities of between 11 and 30 years, and 15% will be redeemed immediately in the form of short-term securities issued by the European Financial Stability Facility (EFSF), repayment of which will be guaranteed by the EUR 30 billion public-sector contribution;
- the coupon on new bonds will be 2% from 2012 to 2015, rising to 3% from 2015 to 2020 and 4.3% until 2042;
- accrued interest on the exchanged Greek debt, up to the date of the exchange, will be settled through the issue of short-term EFSF securities;
- each new bond issued by Greece will be accompanied by a security linked to movements in Greece's gross domestic product over and above those expected in the plan.

On the basis of these conditions, the bank values the present value of securities to be received at around 25% based on a discounted cash flow rate of 12%. The final value of the securities will be determined on the basis of the final offer terms and market conditions on the date of the exchange.

As a result, the bank has written down its Greek bonds by 75%, and the loss with respect to 2011 amounts to EUR 3,241 million, included in the cost of risk (see note 2.f).

Securities issued by Portugal and Ireland, held by the Group and reclassified under "Loans and Receivables" have been measured at market value for the purposes of notes 5.e and 8.h. Securities issued by Portugal and Ireland and included in the trading portfolio have also been measured at market value, and are classified as Level 2 instruments given the lack of market liquidity, in accordance with the definitions provided in note 5.d.

BNP Paribas Group's exposure to Greek, Irish and Portuguese sovereign credit risk, the three Euro zone countries covered by a European support plan

The following tables show the Group's exposure at 31 December 2011 to these three sovereign states' credit risk in the form of securities and credit derivatives, after the impairment recognised on Greek securities.

The amounts shown in the "Loans and receivables" category derive from the reclassification at 30 June 2011 of securities previously shown under "Available-for-sale financial assets".

a) Portfolio of banking activities, broken down by residual term to maturity

In millions of euros	Remaining time to maturity							Total 31 December 2011
	1 year	2 years	3 years	5 years	10 years	15 years	>15 years	
Greece								
Loans and receivables								
Risk exposure and carrying value after impairment	53	36	105	71	344	312	51	**972**
Ireland								
Loans and receivables								
Risk exposure			3	20	247			**270**
Carrying value			3	16	197			**216**
Portugal								
Loans and receivables								
Risk exposure	195	157	256	232	451		90	**1,381**
Carrying value	190	136	221	191	329		92	**1,159**

b) Portfolio of general insurance funds broken down by residual term to maturity

In millions of euros	Remaining time to maturity							Total
	1 year	2 years	3 years	5 years	10 years	15 years	>15 years	31 December 2011
Greece								
Loans and receivables and Held-to-maturity financial assets								
Risk exposure and carrying value after impairment	7	40	24	25	4	94	94	**288**
Ireland								
Loans and receivables								
Risk exposure			2		550	209		**761**
Carrying value			2		423	157		**582**
Held-to-maturity financial assets								
Risk exposure and carrying value		9		181	135			**325**
Portugal								
Loans and receivables								
Risk exposure	2	36	174	31	684	145		**1,072**
Carrying value	2	33	151	31	480	99		**796**
Held-to-maturity financial assets								
Risk exposure and carrying value			60	99				**159**

The impairment of Greek debt securities held in general insurance funds produces an impact net of the policyholders' surplus reserve in the Group's profit or loss statement.

c) Trading book positions

In millions of euros	Securities			Derivatives	
	Long positions	Short positions	Net position	Net position	Total net position at 31 December 2011
Greece	86	(8)	78	13	91
Ireland	59	(69)	(10)	37	27
Portugal	306	(321)	(15)	62	47
TOTAL	**451**	**(398)**	**53**	**112**	**165**

Disposals of held-to-maturity securities in 2011

In 2011, BNP Paribas sold EUR 2.8 billion of sovereign debt securities, issued by Italy, which had until then been classified under "Held-to-maturity assets". The amount of securities sold equalled around 21% of securities under this heading at 31 December 2010 (see note 5.j).

The sale of Italian securities was prompted by the deterioration in Italy's economic situation, as reflected by the downgrading of Italy's credit ratings by various ratings agencies in September and October 2011 and by the fall in the market value of these securities (see IAS 39 – AG22a).

In addition, increased solvency requirements under the European Capital Requirements Directive (CRD°3) at 31 December 2011 and the move to anticipate the new Basel III solvency ratio – with initial drafts of CRD 4 and a European Capital Requirements Relation being published in July 2011 – prompted the bank to carry out a substantial reduction in assets, particularly by selling material amounts of assets classified under "Loans and receivables" and "Held-to-maturity financial assets" (see IAS 39 – AG22e).

Rating downgrades suffered by certain issuers threatened to increase the amount of risk-weighted assets corresponding to the loans concerned. As a result, the bank had to reduce its exposure to positions most affected by this change, regardless of their accounting classification.

As a result, the Group applied the requirements of paragraphs AG 22a) and e) of IAS 39, to demonstrate that these disposals do not alter its intention to hold other assets in this category to maturity, or its ability to finance them. Other assets were therefore kept within this category.

Note 5 NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2011

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

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

	31 December 2011			31 December 2010		
In millions of euros	Trading book	Assets designated at fair value through profit or loss	TOTAL	Trading book	Assets designated at fair value through profit or loss	TOTAL
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Negotiable certificates of deposit	**48,434**	**109**	**48,543**	**51,612**	**147**	**51,759**
Treasury bills and other bills eligible for central bank refinancing	41,806	3	41,809	39,260	-	39,260
Other negotiable certificates of deposit	6,628	106	6,734	12,352	147	12,499
Bonds	**83,735**	**5,986**	**89,721**	**102,454**	**6,985**	**109,439**
Government bonds	54,390	481	54,871	69,704	489	70,193
Other bonds	29,345	5,505	34,850	32,750	6,496	39,246
Equities and other variable-income securities	**25,455**	**50,929**	**76,384**	**68,281**	**42,901**	**111,182**
Repurchase agreements	**153,262**	**-**	**153,262**	**210,904**	**47**	**210,951**
Loans	**537**	**49**	**586**	**725**	**1,106**	**1,831**
Trading book derivatives	**451,967**	**-**	**451,967**	**347,783**	**-**	**347,783**
Currency derivatives	28,097		28,097	31,017		31,017
Interest rate derivatives	332,945		332,945	239,985		239,985
Equity derivatives	38,140		38,140	39,397		39,397
Credit derivatives	46,460		46,460	30,349		30,349
Other derivatives	6,325		6,325	7,035		7,035
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**763,390**	**57,073**	**820,463**	**781,759**	**51,186**	**832,945**
of which loaned securities	*48,429*		*48,429*	*30,565*		*30,565*
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS						
Borrowed securities and short selling	**100,013**	**-**	**100,013**	**102,060**	**-**	**102,060**
Repurchase agreements	**171,376**	**-**	**171,376**	**223,362**	**-**	**223,362**
Borrowings	**1,895**	**1,664**	**3,559**	**1,170**	**2,178**	**3,348**
Debt securities *(note 5.i)*	**-**	**37,987**	**37,987**	**-**	**47,735**	**47,735**
Subordinated debt *(note 5.i)*	**-**	**2,393**	**2,393**	**-**	**3,108**	**3,108**
Trading book derivatives	**447,467**	**-**	**447,467**	**345,492**	**-**	**345,492**
Currency derivatives	26,890		26,890	30,234		30,234
Interest rate derivatives	330,421		330,421	236,416		236,416
Equity derivatives	36,377		36,377	40,927		40,927
Credit derivatives	46,358		46,358	30,263		30,263
Other derivatives	7,421		7,421	7,652		7,652
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**720,751**	**42,044**	**762,795**	**672,084**	**53,021**	**725,105**

Financial instruments designated as at fair value through profit or loss

Financial assets designated as at fair value through profit or loss

Assets designated by the Group as at fair value through profit or loss include admissible investments related to unit-linked insurance business, and to a lesser extent assets with embedded derivatives that have not been separated from the host contract.

Admissible investments related to unit-linked insurance business include securities issued by the Group's consolidated entities, which are not eliminated upon consolidation in order to keep the figures shown in respect of the assets invested under these contracts at the same level as the technical reserves set aside in respect of the corresponding policyholder liabilities. The fixed-income securities (certificates and Euro Medium Term Notes (EMTNs) not eliminated upon consolidation amounted to EUR 940 million at 31 December 2011 compared with EUR 634 million at 31 December 2010 and variable-rate securities (shares mainly issued by BNP Paribas SA) came to EUR 14.5 million at 31 December 2011 compared with EUR 19 million at 31 December 2010. Eliminating these securities would not have a material impact on the financial statements for the period.

Financial liabilities designated as at fair value through profit or loss

Financial liabilities at fair value through profit or loss mainly consist of 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 designated at fair value through profit or loss at 31°December 2011 was EUR 49,748 million (EUR 58,356 million at 31 December 2010).

Fair value takes into account any change in value attributable to issuer risk relating to the BNP Paribas Group. For most amounts concerned, fair value is the replacement value of each instrument, which is calculated by discounting the instrument's cash flows using a discount rate corresponding to that of a similar debt instrument that might be issued by the BNP Paribas Group at the closing date.

As a result, the carrying value of liabilities measured at market or model value is reduced by EUR 1,647 million (EUR 457 million at 31 December 2010). This reduction in value represents an unrealised gain that will only be realised if these financial instruments issued by the Bank are bought back in the market. If this does not happen, income relating to this unrealised gain will be written back over the remaining term of the liabilities at a pace determined by movements in the bank's issuer risk.

Derivative financial instruments held for trading

The majority of derivative financial instruments held for trading are related to transactions initiated for trading purposes. 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 2011	31 December 2010
Trading book derivatives	**46,817,864**	**44,200,645**
Currency derivatives	2,249,390	2,019,347
Interest rate derivatives	40,272,463	37,904,560
Equity derivatives	1,818,445	1,703,970
Credit derivatives	2,321,275	2,370,101
Other derivatives	156,291	202,667

Derivatives traded on organised markets represented 48% of the Group's derivative transactions at 31 December 2011 (45% at 31 December 2010).

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 2011		31 December 2010	
	Negative fair value	Positive fair value	Negative fair value	Positive fair value
Fair value hedges	**12,902**	**6,920**	**7,736**	**3,788**
Currency derivatives	8	4	1	1
Interest rate derivatives	12,879	6,810	7,681	3,787
Other derivatives	15	106	54	-
Cash flow hedges	**1,416**	**2,743**	**740**	**1,647**
Currency derivatives	245	312	137	62
Interest rate derivatives	825	2,408	360	1,422
Other derivatives	346	23	243	163
Net foreign investment hedges	**13**	**37**	**4**	**5**
Currency derivatives	13	37	4	5
DERIVATIVES USED FOR HEDGING PURPOSES	**14,331**	**9,700**	**8,480**	**5,440**

The total notional amount of derivatives used for hedging purposes stood at EUR 799,608 million at 31 December 2011, compared with EUR 577,464 million at 31 December 2010.

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

5.c AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are measured at fair value or model value for unlisted securities.

In millions of euros	31 December 2011			31 December 2010		
	Net	of which impairment losses	of which changes in value taken directly to equity	Net	of which impairment losses	of which changes in value taken directly to equity
Fixed-income securities	**174,989**	**(162)**	**(5,120)**	**202,561**	**(454)**	**(2,554)**
Treasury bills and other bills eligible for central bank refinancing	17,241	(22)	(2,322)	25,289	(21)	(1,138)
Other negotiable certificates of deposit	11,145	(11)	(254)	7,154	(12)	(199)
Government bonds	96,302	(3)	(1,761)	123,907	(21)	(1,575)
Other bonds	50,301	(126)	(783)	46,211	(400)	358
Equities and other variable-income securities	**17,479**	**(5,067)**	**1,621**	**17,397**	**(3,261)**	**2,953**
of which listed securities	6,092	(2,052)	619	9,104	(1,961)	1,921
of which unlisted securities	11,387	(3,015)	1,002	8,293	(1,300)	1,032
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS, BEFORE IMPAIRMENT PROVISIONS	**192,468**	**(5,229)**	**(3,499)**	**219,958**	**(3,715)**	**399**
of which loaned securities	*3*	-	-	*433*	-	*(1)*

Changes in value taken directly to equity (EUR 3,499 million at 31 December 2011) are included in equity after the recognition of deferred tax relating to these changes (EUR 1,669 million at 31 December 2011 for the Group's share and the share of minority interests).

5.d MEASUREMENT OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- **Level 1** - Financial instruments with quoted market prices:

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

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

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

  This level consists of financial instruments measured by reference to the price of similar instruments quoted in an active market or to identical or similar instruments quoted in a non-active market, but for which transaction prices are readily and available on the market or, lastly, instruments measured using valuation techniques based on observable inputs.

  This level notably includes illiquid shares with low liquidity and bonds, particularly those of certain sovereign issuers, 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 based neither on observable transaction prices in the identical instrument at the measurement date nor observable market data available at the same date.

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

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

Breakdown by measurement method applied to financial instruments recognised at fair value presented in line with the latest recommendations of IFRS 7

	31 December 2011				31 December 2010			
In millions of euros	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS								
Financial instruments at fair value through profit or loss held for trading *(note 5.a)*	102,953	638,973	21,464	**763,390**	179,814	579,064	22,881	**781,759**
Financial instruments designated as at fair value through profit or loss *(note 5.a)*	41,982	13,496	1,595	**57,073**	37,356	12,127	1,703	**51,186**
Derivatives used for hedging purposes *(note 5.b)*	-	9,700	-	**9,700**	-	5,440	-	**5,440**
Available-for-sale financial assets *(note 5.c)*	132,676	49,921	9,871	**192,468**	163,368	48,436	8,154	**219,958**
FINANCIAL LIABILITIES								
Financial instruments at fair value through profit or loss held for trading *(note 5.a)*	108,934	585,529	26,288	**720,751**	116,858	529,818	25,408	**672,084**
Financial instruments designated as at fair value through profit or loss *(note 5.a)*	3,168	31,260	7,616	**42,044**	5,588	38,696	8,737	**53,021**
Derivatives used for hedging purposes *(note 5.b)*	-	14,331	-	**14,331**	-	8,480	-	**8,480**

Table of movements in Level 3 financial instruments

For Level 3 financial instruments, the following movements occurred between 1 January 2011 and 31 December 2011:

In millions of euros	Financial Assets				Financial Liabilities		
	Financial instruments at fair value through profit or loss held for trading	Financial instruments designated as at fair value through profit or loss	Available-for-sale financial assets	Total	Financial instruments at fair value through profit or loss held for trading	Financial instruments designated as at fair value through profit or loss	Total
AT 31 DECEMBER 2009	**25,618**	**1,830**	**7,293**	**34,741**	**(28,331)**	**(10,573)**	**(38,904)**
Purchases	5,091	463	1,511	**7,065**	-	-	**-**
Issues	-	-	-	**-**	(9,206)	(3,957)	**(13,163)**
Sales	(979)	(139)	(1,066)	**(2,184)**	-	-	**-**
Settlements(1)	819	(240)	30	**609**	2,106	5,555	**7,661**
Transfers to Level 3	2,436	39	1,688	**4,163**	(312)	(56)	**(368)**
Transfers from Level 3	(5,716)	(361)	(1,866)	**(7,943)**	5,553	787	**6,340**
Gains (or losses) recognised in profit or loss with respect to transactions expired or terminated during the period	(8,496)	23	(11)	**(8,484)**	8,945	38	**8,983**
Gains (or losses) recognised in profit or loss with respect to unexpired instruments at the end of the period	3,469	88	(86)	**3,471**	(3,461)	(531)	**(3,992)**
Changes in fair value of assets and liabilities recognised directly in equity							
Items related to exchange rate movements	639	-	55	**694**	(702)	-	**(702)**
Changes in fair value of assets and liabilities recognised in equity	-	-	606	**606**	-	-	**-**
AT 31 DECEMBER 2010	**22,881**	**1,703**	**8,154**	**32,738**	**(25,408)**	**(8,737)**	**(34,145)**
Purchases	2,652	33	1,328	**4,013**	-	-	**-**
Issues	-	-	-	**-**	(9,464)	(3,127)	**(12,591)**
Sales	(274)	-	(1,427)	**(1,701)**	-	-	**-**
Settlements(1)	(5,327)	(151)	(961)	**(6,439)**	8,923	3,150	**12,073**
Transfers to Level 3	3,157	23	9,005	**12,185**	(2,817)	(338)	**(3,155)**
Transfers from Level 3	(2,598)	-	(267)	**(2,865)**	2,778	1,455	**4,233**
Reclassifications(2)	-	-	(6,312)	**(6,312)**	-	-	-
Gains (or losses) recognised in profit or loss with respect to transactions expired or terminated during the period	(3,568)	29	(396)	**(3,935)**	849	31	**880**
Gains (or losses) recognised in profit or loss with respect to unexpired instruments at the end of the period	4,120	(42)	95	**4,173**	(687)	(50)	**(737)**
Changes in fair value of assets and liabilities recognised directly in equity							
Items related to exchange rate movements	421	-	53	**474**	(462)	-	**(462)**
Changes in fair value of assets and liabilities recognised in equity	-	-	599	**599**	-	-	**-**
AT 31 DECEMBER 2011	**21,464**	**1,595**	**9,871**	**32,930**	**(26,288)**	**(7,616)**	**(33,904)**

(1) 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.

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

The Level 3 financial instruments may be hedged by other Level 1 and/or Level 2 instruments, the gains and losses on which are not shown in this table. Consequently, the gains and losses shown in this table are not representative of the gains and losses arising from management of the net risk on all these instruments. More particularly, losses and gains on financial assets and liabilities at model value through profit or loss held for trading purposes, amounting respectively to EUR 552 million and EUR 162 million at 31 December 2011 (compared with EUR 5,027 million and EUR 5,484 million at 31 December 2010), primarily correspond to changes in the value of CDO positions classified in Level 3 hedged by CDS positions classified in Level 2.

Sensitivity of model values to reasonably likely changes in Level 3 assumptions

Determination of value adjustments

Trading portfolio instruments classified as Level 3 comprise mainly illiquid securities, derivatives with an illiquid underlying asset and other instruments containing complex derivatives. The valuation of these instruments generally requires the use of valuation models based on dynamic risk hedging techniques, and may require the use of non-observable inputs.

All of these instruments are subject to uncertainties in their valuation, which give rise to value adjustments, reflecting the risk premium that would be incorporated by a market operator when setting the price. These valuation adjustments take account in particular of:

- risks that would not be taken into account by the model (adjustment for model risk);
- the inherent uncertainty in estimating valuation parameters (adjustment for uncertain parameters);
- liquidity risks associated with the instrument or parameter concerned;
- specific risk premiums intended to offset certain additional costs resulting from the dynamic management strategy associated with the model under certain market conditions;
- counterparty risk.

When determining value adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of different kinds is taken into account. Meanwhile, for a given risk factor, a portfolio-based approach is used, with offsetting between instruments when they are managed together.

All of these adjustments are components of the model value of instruments and portfolios.

Assessment of value sensitivity

In order to measure the sensitivity of the model value of Level 3 instruments (excluding securities positions) to a change in assumptions, the following two scenarios have been considered: a favourable scenario in which all portfolio valuations are made without a value adjustment, and an unfavourable scenario in which all of these valuations are made with twice as high a value adjustment. Calculated in this way, sensitivity is a measurement of the difference between the values obtained by market operators with a different perception of valuation risk and risk aversion.

In the interest of simplification, the sensitivity of the value of securities positions, whether relating to trading portfolios, available-for sale assets or designated to the value model through profit or loss, is based on a 1% change in the value applied.

In millions of euros	31 December 2011 Potential impact on income	31 December 2011 Potential impact on equity	31 December 2010 Potential impact on income	31 December 2010 Potential impact on equity
Financial instruments at fair value through profit or loss held for trading or designated as at fair value[(1)]	+/-1,300		+/-1,304	
Available-for-sale financial assets		+/-104		+/-91

(1) Financial instruments at fair value through profit and loss are resented under the same heading, whether they are part of the trading portfolio or have been designated at fair value through profit or loss, as sensibility is calculated on the net positions in instruments classified as Level 3 regardless of their accounting classification.

Deferred margin on financial instruments measured using techniques developed internally and based on partly non-observable inputs in active markets

Deferred margin on financial instruments (Day one Profit) only concerns the scope of market activities eligible for Level 3.

The day one profit is calculated after setting aside reserves for uncertainties as described previously and taken back to profit or loss over the expected period for which the inputs will be non-observable. The yet to be 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 deferred margin included in the price of derivatives sold to clients and measured with internal models based on non-observable inputs ("day one profit") can be analysed as follows over 2010 and 2011:

In millions of euros	31 December 2011	31 December 2010
DEFERRED MARGIN AT THE BEGINNING OF THE PERIOD	**920**	**860**
Deferred margin on transactions during the year	286	437
Margin taken to the profit and loss account during the year	(551)	(377)
DEFERRED MARGIN AT THE END OF THE PERIOD	**655**	**920**

5.e RECLASSIFICATION OF FINANCIAL INSTRUMENTS INITIALLY RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS HELD FOR TRADING PURPOSES OR AS AVAILABLE-FOR-SALE ASSETS

The amendments to IAS 39 and IFRS 7 adopted by the European Union on 15 October 2008 permit the reclassification of instruments initially held for trading or available-for-sale within the customer loan portfolios or as securities available-for-sale.

➤ DATA RELATING TO FINANCIAL INSTRUMENTS BY RECLASSIFICATION DATE

		Carrying value		Expected cash flows deemed recoverable[1]		Average effective interest rate	
In millions of euros	Reclassification date	Assets reclassified as loans and receivables	Assets reclassified as available-for-sale	Assets reclassified as loans and receivables	Assets reclassified as available-for-sale	Assets reclassified as loans and receivables	Assets reclassified as available-for-sale
Sovereign securities from the portfolio of available-for-sale		**6,312**		**14,826**			
of which Greek sovereign securities	30 June 2011	3,186		9,401		9.3%	
of which Portuguese sovereign securities	30 June 2011	1,885		3,166		8.8%	
of which Irish sovereign securities	30 June 2011	1,241		2,259		6.7%	
Structured transactions and other fixed-income securities		**10,995**	**767**	**12,728**	**790**		
from the trading portfolio							
	1 October 2008	7,077	767	7,904	790	7.6%	6.7%
	30 June 2009	2,760		3,345		8.4%	
from the available-for-sale portfolio							
	30 June 2009	1,158		1,479		8.4%	

(1) *Expected cash flows cover the repayment of capital and of all interest (not discounted) until the date the instruments mature.*

Measurement of reclassified assets at 31 December 2011

The following tables show the items related to the reclassified assets, both as they were recorded during the period and as they would have been recorded if the reclassification had not taken place:

➤ ON THE BALANCE SHEET

	31 December 2011		31 December 2010	
In millions of euros	Carrying value	Market or model value	Carrying value	Market or model value
Sovereign securities reclassified as loans and receivables due from customers	**3,939**	**3,600**	-	-
of which Greek sovereign securities	1,201	1,133		
of which Portuguese sovereign securities	1,939	1,631		
of which Irish sovereign securities	799	836		
Reclassified structured transactions and others fixed-income securities	**4,664**	**4,511**	**6,003**	**6,024**
Into loans and receivables due from customers	4,647	4,494	5,985	6,006
Into available-for-sale	17	17	18	18

➤ IN PROFIT AND LOSS AND AS A DIRECT CHANGE IN EQUITY

In millions of euros	Year to 31 Dec. 2011				Year to 31 Dec. 2010	
	Realised			Pro forma amount for the period[(1)]	Realised	Pro forma amount for the period[(1)]
	before reclassification	after reclassification	Total			
In profit or loss item	(409)	(2,415)	(2,630)	(2,838)	387	346
in revenues	116	211	509	361	409	376
of which Greek sovereign securities	87	178	265	265	-	-
of which Portuguese sovereign securities	19	56	75	75	-	-
of which Irish sovereign securities	10	(23)	(13)	(13)	-	-
of which strucutred transactions and other fixed-income securities	-	-	182	34	409	376
in cost of risk	(525)	(2,626)	(3,139)	(3,199)	(22)	(30)
of which Greek sovereign securities	(525)	(2,626)	(3,151)	(3,199)	-	-
of which structured transactions and other fixed-income securities	-	-	12	-	(22)	(30)
as direct change in equity (before tax)	504	850	1,379	1,180	79	65
of which Greek sovereign securities	681	778	1,459	1,459	-	-
of which Portuguese sovereign securities	(176)	32	(144)	(336)	-	-
of which Irish sovereign securities	(1)	40	39	48	-	-
of which structured transactions and other fixed-income securities	-	-	25	9	79	65
TOTAL PROFIT AND LOSS IMPACT AND DIRECT CHANGES IN EQUITY RESULTING FROM RECLASSIFIED ITEMS	**95**	**(1,565)**	**(1,251)**	**(1,658)**	**466**	**411**

(1) *Pro forma figures show the contribution to full-year earnings, and the impact of the change in their value on equity, as if the instruments concerned had not been reclassified.*

5.f INTERBANK AND MONEY-MARKET ITEMS

➤ LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

In millions of euros	31 December 2011	31 December 2010
Demand accounts	12,099	11,273
Loans	35,130	45,353
Repurchase agreements	2,847	7,086
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS, BEFORE IMPAIRMENT PROVISIONS	**50,076**	**63,712**
of which doubtful loans	*976*	*1,466*
Provisions for impairment of loans and receivables due from credit institutions *(note 2.f)*	(707)	(994)
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS, NET OF IMPAIRMENT PROVISIONS	**49,369**	**62,718**

➤ DUE TO CREDIT INSTITUTIONS

In millions of euros	31 December 2011	31 December 2010
Demand accounts	18,308	17,464
Borrowings	119,324	131,947
Repurchase agreements	11,522	18,574
TOTAL DUE TO CREDIT INSTITUTIONS	**149,154**	**167,985**

5.g CUSTOMER ITEMS

➤ LOANS AND RECEIVABLES DUE FROM CUSTOMERS

In millions of euros	31 December 2011	31 December 2010
Demand accounts	38,448	28,188
Loans to customers	624,229	633,583
Repurchase agreements	1,421	16,523
Finance leases	29,694	33,063
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS, BEFORE IMPAIRMENT PROVISIONS	**693,792**	**711,357**
of which doubtful loans	*43,696*	*42,100*
Impairment of loans and receivables due from customers (note 2.f)	(27,958)	(26,671)
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS, NET OF IMPAIRMENT PROVISIONS	**665,834**	**684,686**

➤ BREAKDOWN OF FINANCE LEASES

In millions of euros	31 December 2011	31 December 2010
Gross investment	32,614	36,261
Receivable within 1 year	*8,856*	*9,829*
Receivable after 1 year but within 5 years	*16,127*	*18,756*
Receivable beyond 5 years	*7,631*	*7,676*
Unearned interest income	(2,920)	(3,198)
Net investment before impairment provisions	29,694	33,063
Receivable within 1 year	*8,165*	*9,106*
Receivable after 1 year but within 5 years	*14,636*	*16,983*
Receivable beyond 5 years	*6,893*	*6,974*
Impairment provisions	(1,062)	(1,302)
Net investment after impairment provisions	28,632	31,761

➤ DUE TO CUSTOMERS

In millions of euros	31 December 2011	31 December 2010
Demand deposits	254,530	262,358
Term accounts and short-term notes	214,056	241,409
Regulated savings accounts	54,538	49,610
Repurchase agreements	23,160	27,536
TOTAL DUE TO CUSTOMERS	**546,284**	**580,913**

5.h LOANS WITH PAST-DUE INSTALMENTS, WHETHER IMPAIRED OR NOT, AND RELATED COLLATERAL OR OTHER SECURITY

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

	31 December 2011								
	Maturities of unimpaired past-due loans								
In millions of euros	Total	Up to 90 days	Between 90 days and 180 days	Between 180 days and 1 year	More than 1 year	Impaired assets and commitments covered by provisions	Total loans and commitments	Collateral received in respect of unimpaired past-due loans	Collateral received in respect of impaired assets
Available-for-sale financial assets (excl. variable-income securities)	-	-	-	-	-	72	72	-	2
Loans and receivables due from credit institutions	501	466	14	5	16	335	836	244	90
Loans and receivables due from customers	17,408	16,578	688	114	28	20,533	37,941	10,989	9,691
Held-to-maturity financial assets	-	-	-	-	-	63	63	-	-
Past-due assets, net of individual impairment provisions	**17,909**	**17,044**	**702**	**119**	**44**	**21,003**	**38,912**	**11,233**	**9,783**
Financing commitments given						559	559		106
Guarantee commitments given						1,156	1,156		571
Off-balance sheet non-performing commitments, net of provisions						**1,715**	**1,715**	**-**	**677**
TOTAL	**17,909**	**17,044**	**702**	**119**	**44**	**22,718**	**40,627**	**11,233**	**10,460**

	31 December 2010								
	Maturities of unimpaired past-due loans								
In millions of euros	Total	Up to 90 days	Between 90 days and 180 days	Between 180 days and 1 year	More than 1 year	Impaired assets and commitments covered by provisions	Total loans and commitments	Collateral received in respect of unimpaired past-due loans	Collateral received in respect of impaired assets
Financial assets at fair value through profit or loss (excl. variable-income securities)	7	7	-	-	-	-	7	-	-
Available-for-sale financial assets (excl. variable-income securities)	3	3	-	-	-	348	351	-	3
Loans and receivables due from credit institutions	371	351	3	1	16	491	862	173	278
Loans and receivables due from customers	15,212	14,380	519	84	229	20,746	35,958	8,818	10,042
Past-due assets, net of individual impairment provisions	**15,593**	**14,741**	**522**	**85**	**245**	**21,585**	**37,178**	**8,991**	**10,323**
Financing commitments given						802	802		303
Guarantee commitments given						1,153	1,153		441
Off-balance sheet non-performing commitments, net of provisions						**1,955**	**1,955**	**-**	**744**
TOTAL	**15,593**	**14,741**	**522**	**85**	**245**	**23,540**	**39,133**	**8,991**	**11,067**

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.

5.i DEBT SECURITIES AND SUBORDINATED DEBT

This note covers all debt securities in issue and subordinated debt measured at amortised cost and designated at fair value through profit or loss.

➤ DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (NOTE 5.a)

In millions of euros *Issuer/ Issue date*	Currency	Original amount in foreign currency (millions)	Date of call or interest step-up	Interest rate	Interest step-up	Subordination ranking(1)	Conditions precedent for coupon payment(3)	31 December 2011	31 December 2010
Debt securities						1		**37,987**	**47,735**
Subordinated debt								**2,393**	**3,108**
Redeemed subordinated debt			(2)			2		1,283	1,521
Perpetual subordinated debt								1,110	1,587
Fortis Banque SA Dec. 2007	EUR	3,000	Dec-14	3-month Euribor +200 bp	-	5	A	1,025	1,500
Others	-	-	-	-				85	87

(1) The subordination ranking reflects where the debt stands in the order of priority for repayment against other financial liabilities if the issuer should be liquidated.

(2) After agreement from the banking supervisory authority and at the issuer's initiative, these debt issues may contain a call provision authorising the Group to redeem the securities prior to maturity by repurchasing them in the stock market, via public tender offers, or in the case of private placements over the counter. Debt issued by BNP Paribas SA or foreign subsidiaries of the Group via placements in the international markets may be subject to early redemption of the capital and early payment of interest due at maturity at the issuer's discretion on or after a date stipulated in the issue particulars (call option), or in the event that changes in the applicable tax rules oblige the BNP Paribas Group issuer to compensate debt-holders for the consequences of such changes. Redemption may be subject to a notice period of between 15 and 60 days, and is in all cases subject to approval by the banking supervisory authorities.

(3) Conditions precedent for coupon payment:

A Coupon payments are halted should the issuer have insufficient capital or the underwriters become insolvent or when the dividend declared for Ageas shares falls below a certain threshold.

The perpetual subordinated debt recognised at fair value through profit or loss chiefly comprises of an issue by Fortis Banque (now BNP Paribas Fortis) in December 2007 of Convertible And Subordinated Hybrid Equity-linked Securities (CASHES).

The CASHES are perpetual securities but may be exchanged for Fortis SA/NV (now Ageas) shares at the holder's sole discretion at a price of EUR 23.94. However, as of 19 December 2014, the CASHES will be automatically exchanged into Fortis SA/NV shares if their price is equal to or higher than EUR 35.91 for twenty consecutive trading days. The principal amount will never be redeemed in cash. The rights of the CASHES holders are limited to the 125,313,283 Fortis SA/NV shares that Fortis Bank acquired on the date of issuance of the CASHES and pledged to them.

Fortis SA/NV and Fortis Banque have entered into a Relative Performance Note (RPN) contract, the value of which varies contractually so as to offset the impact on Fortis Banque of the relative difference between changes in the value of the CASHES and changes in the value of the Fortis SA/NV shares. The net balance represents a subordinated liability of EUR 651 million that is permitted for inclusion in Tier 1 capital

On 25 January 2012, Ageas and Fortis Bank signed an agreement concerning partial settlement of the RPN and the purchase by Fortis Bank of all perpetual subordinated debts issued in 2001 for a nominal amount of EUR 1,000 million (recognised as debt at amortised cost), with Ageas holding EUR 953 million. Settlement of the RPN and the purchase of the perpetual subordinated notes issued in 2001 both depend on BNP Paribas achieving a minimum success rate of 50% in the CASHES tender offer.

The parties have agreed that BNP Paribas will launch a cash offer for the CASHES. Secondly, it will convert the CASHES acquired into underlying Ageas shares, with an undertaking not to sell them for a period of six months, and it will receive compensation from Ageas, with the RPN mechanism ceasing to exist proportionally to the CASHES converted.

The bank announced on 31 January 2012 that the offer was closed on 30 January with a success rate of 63% at a price of 47.5%.

Maturity schedule of medium- and long-term debt securities and redeemable subordinated debt designated at fair value through profit or loss with a maturity at issuance of more than one year:

Maturity or call option date, *in millions of euros*	2012	2013	2014	2015	2016	2017-2021	After 2021	Total at 31 December 2011
Medium- and long-term debt securities	8,258	4,809	7,004	5,054	5,155	4,983	2,724	**37,987**
Redeemable subordinated debt	520	46	85	468	22	92	50	**1,283**
TOTAL	**8,778**	**4,855**	**7,089**	**5,522**	**5,177**	**5,075**	**2,774**	**39,270**

Maturity or call option date, *in millions of euros*	2011	2012	2013	2014	2015	2016-2020	After 2020	Total at 31 December 2010
Medium- and long-term debt securities	13,350	7,415	5,041	6,075	5,470	6,281	4,103	**47,735**
Redeemable subordinated debt	77	524	181	89	456	132	62	**1,521**
TOTAL	**13,427**	**7,939**	**5,222**	**6,164**	**5,926**	**6,413**	**4,165**	**49,256**

➤ DEBT SECURITIES MEASURED AT AMORTISED COST

Issuer/ Issue date *In millions of euros*	Currency	Original amount in foreign currency *(millions)*	Date of call or interest step-up	Interest rate	Interest step-up	Subordination ranking[1]	Conditions precedent for coupon payment[3]	31 December 2011	31 December 2010
Debt securities								157,786	208,669
Debt securities in issue with an initial maturity less than one year						1		**71,213**	**130,604**
Negotiable debt securities								71,213	130,604
Debt securities in issue with an initial maturity of more than one year						1		**86,573**	**78,065**
Negotiable debt securities								63,758	56,068
Bonds								22,815	21,997
Subordinated debt								19,683	24,750
Redeemed subordinated debt			(2)			2		**16,165**	**21,423**
Undated subordinated notes			(2)					**2,396**	**2,272**
BNP SA Oct. 1985	EUR	305	-	TMO-0.25%	-	3	B	254	254
BNP SA Sept. 1986	USD	500	-	6-month Libor +0.075%	-	3	C	211	205
Fortis Banque SA Sept. 2001	EUR	1,000	Sep-11	6.50%	3-month Euribor +237 bp	5	D	1,000	968
Fortis Banque SA Oct. 2004	EUR	1,000	Oct-14	4.625%	3-month Euribor +170 bp	5	E	814	750
Others	-		-	-	-			117	95
Undated subordinated notes								**893**	**820**
Fortis Banque NV/SA Feb. 2008	USD	750	-	8.28%	-	5	E	548	493
Fortis Banque NV/SA June 2008	EUR	375	-	8.03%	-	5		345	327
Participating notes[4]								**224**	**227**
BNP SA July 1984	EUR	337	-	Depending on net income subject to a minimum of 85% of the TMO rate and a maximum of 130% of the TMO rate	-	4	n/a	220	220
Others	-	-	-	-	-			4	7
Expenses and commission, related debt								**5**	**8**

(1) (2) See reference relating to "Debt securities at fair value through profit or loss".

(3) Conditions precedent for coupon payment:

B Payment of the interest is mandatory, unless the Board of Directors decides to postpone these payments after the Shareholders' General Meeting has officially noted that there is no income available for distribution, where this occurs within the 12 month period preceding the due date for payment of the interest. Interest payments are cumulative and are payable in full once dividend payments resume.

C Payment of the interest is mandatory, unless the Board of Directors decides to postpone these payments after the Shareholders' General Meeting in ordinary session has validated the decision not to pay out a dividend, where this occurs within the 12 month period preceding the due date for payment of the interest. Interest payments are cumulative and are payable in full once dividend payments resume. The bank has the option of resuming payment of interest arrears, even where no dividend is paid out.

D Interest is not payable if the coupons exceed the difference between net equity and the amount of the issuer's share capital and reserves not available for distribution.

E Coupons are paid in the form of other securities if Tier 1 capital stands at less than 5% of the issuer's risk-weighted assets.

(4) The participating notes issued by BNP SA may be repurchased as provided for in the law of 3 January 1983. Accordingly, 434,267 notes out of the 2,212,761 originally issued were repurchased and cancelled between 2004 and 2007.

In the fourth quarter of 2011, the bank made a public offer to exchange redeemable subordinated debt, eligible for inclusion in tier 2 capital, for new senior debt. The transaction reduced the outstanding amount of redeemable subordinated debt by EUR 1,433 million, and resulted in the recognition of a EUR 41 million gain in net interest income.

Maturity schedule of medium- and long-term debt securities and redeemable subordinated debt carried at amortised cost with a maturity at issuance of more than one year:

Maturity or call option date *In millions of euros*	2012	2013	2014	2015	2016	2017-2021	After 2021	Total at 31 December 2011
Medium-and long-term debt securities	16,630	12,994	10,085	12,994	13,569	14,954	5,347	86,573
Redeemable subordinated debt	2,818	1,485	1,125	813	1,902	6,809	1,213	16,165
TOTAL	**19,448**	**14,479**	**11,210**	**13,807**	**15,471**	**21,763**	**6,560**	**102,738**

Maturity or call option date *In millions of euros*	2011	2012	2013	2014	2015	2016-2020	After 2020	Total at 31 December 2010
Medium-and long-term debt securities	13,804	16,961	8,833	13,336	9,099	9,733	6,299	78,065
Redeemable subordinated debt	500	2,786	2,439	1,439	1,945	11,528	786	21,423
TOTAL	**14,304**	**19,747**	**11,272**	**14,775**	**11,044**	**21,261**	**7,085**	**99,488**

5.j HELD-TO-MATURITY FINANCIAL ASSETS

In millions of euros	31 December 2011	31 December 2010
Negotiable certificates of deposit	**67**	**2,952**
Treasury bills and other bills eligible for central bank refinancing	6	2,892
Other negotiable certificates of deposit	61	60
Bonds	**10,509**	**10,821**
Government bonds	10,388	10,664
Other bonds	121	157
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**10,576**	**13,773**

Disposals of sovereign debt securities classified as held-to-maturity financial assets during 2011 are described in note 4.

5.k CURRENT AND DEFERRED TAXES

In millions of euros	31 December 2011	31 December 2010
Current taxes	2,227	2,315
Deferred taxes	9,343	9,242
Current and deferred tax assets	**11,570**	**11,557**
Current taxes	1,893	2,104
Deferred taxes	1,596	1,641
Current and deferred tax liabilities	**3,489**	**3,745**

CHANGE IN DEFERRED TAX OVER THE PERIOD

In millions of euros	Year to 31 Dec. 2011	Year to 31 Dec. 2010
NET DEFERRED TAXES AT START OF PERIOD	**7,601**	**7,957**
Loss of deferred taxes *(note 2.g)*	(687)	(1,572)
Change in deferred taxes linked to the remeasurement and reversal through profit or loss of remeasurement adjustments on available-for-sale financial assets, including those reclassified as loans and receivables	848	1,018
Change in deferred taxes linked to the remeasurement and reversal through profit or loss of remeasurement adjustments on hedging derivatives	(428)	16
Effect of exchange rate and other movements	413	182
NET DEFERRED TAXES AT END OF PERIOD	**7,747**	**7,601**

BREAKDOWN OF DEFERRED TAX ASSETS AND LIABILITIES BY ORIGIN

In millions of euros	31 December 2011	31 December 2010
Available-for-sale financial assets, including those reclassified as loans and receivables	1,708	827
Unrealised finance lease reserve	(725)	(715)
Provisions for employee benefit obligations	844	884
Provision for credit risk	3,607	3,829
Other items	(535)	(116)
Tax loss carryforwards	2,848	2,892
NET DEFERRED TAXES	**7,747**	**7,601**
Deferred tax assets	9,343	9,242
Deferred tax liabilities	(1,596)	(1,641)

In order to determine the size of the tax loss carryforwards capitalised as assets, the Group conducts every year a specific review for each relevant entity based on the applicable tax regime notably incorporating any preemption rules, and a realistic projection of their future revenue and charges in line with their business plan. According to this review, unrecognised deferred tax assets totalled EUR 2,404 million at 31 December 2011 compared with EUR 2,241 million at 31 December 2010.

DEFERRED TAX ASSETS RECOGNISED ON TAX LOSS CARRYFORWARDS

In millions of euros	31 December 2011	Statutory time limit on carryforwards	Expected recovery period
Fortis Bank Belgium	1,848	unlimited	14 years
BNP Paribas London branch	268	unlimited	2 years
UkrSibbank	125	unlimited	8 years
B.N.L Vita Spa	110	unlimited	8 years
Others	497		
TOTAL DEFERRED TAX ASSETS RELATING TO TAX LOSS CARRYFORWARDS	**2,848**		

5.l ACCRUED INCOME/EXPENSE AND OTHER ASSETS/LIABILITIES

In millions of euros	31 December 2011	31 December 2010
Guarantee deposits and bank guarantees paid	44,832	32,711
Settlement accounts related to securities transactions	18,972	21,889
Collection accounts	792	2,486
Reinsurers' share of technical reserves	2,524	2,495
Accrued income and prepaid expenses	2,996	3,405
Other debtors and miscellaneous assets	23,424	20,138
TOTAL ACCRUED INCOME AND OTHER ASSETS	**93,540**	**83,124**
Guarantee deposits received	40,733	25,777
Settlement accounts related to securities transactions	16,577	19,515
Collection accounts	1,084	566
Accrued expenses and deferred income	4,708	5,630
Other creditors and miscellaneous liabilities	17,908	13,741
TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES	**81,010**	**65,229**

The increase in guarantee deposits paid and received can be attributed to the extension of collateralisation practices relating to OTC financial instruments transactions and the increase in margin calls following the change in value of market parameters.

The movement in "Reinsurers' share of technical reserves" breaks down as follows:

In millions of euros	31 December 2011	31 December 2010
REINSURERS' SHARE OF TECHNICAL RESERVES AT START OF PERIOD	**2,495**	**2,403**
Increase in technical reserves borne by reinsurers	1,463	1,151
Amounts received in respect of claims and benefits passed on to reinsurers	(1,412)	(1,073)
Effect of changes in exchange rates and scope of consolidation	(22)	14
REINSURERS' SHARE OF TECHNICAL RESERVES AT END OF PERIOD	**2,524**	**2,495**

5.m INVESTMENTS IN ASSOCIATES

Companies accounted for under the equity method with a carrying amount of over EUR 100 million at 31 December 2011 are listed individually below.

In millions of euros	31 December 2011	31 December 2010
Retail Banking	**1,269**	**1,058**
of which Bank of Nanjing	362	295
of which Carrefour Promotora Vendas Participacoes	140	125
of which Servicios Financieros Carrefour EFC SA	112	102
of which Carrefour banque (Ex Societe Paiement Pass)	248	240
Investment Solutions	**1,665**	**1,956**
of which AG Insurance	957	1,046
of which BNPP Cardif Emeklilik Anonim Sirketi	137	-
of which B.N.L Vita	-	232
Corporate and Investments Banking	**489**	**513**
Of which Verner Investment	354	361
Other businesses	**1,051**	**1,271**
of which Erbe	967	1,219
INVESTMENTS IN ASSOCIATES	**4,474**	**4,798**

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 attributable to equity holders
AG Insurance(2)	Local Gaap	57,910	6,659	176
Bank of Nanjing(2)	Local Gaap	25,132	602	262
BNPP Cardif Emeklilik Anonim Sirketi(1)	IFRS Gaap	315	8	(10)
Carrefour banque (Ex Societe Paiement Pass)(2)	Local Gaap	4,080	348	66
Carrefour Promotora Vendas Participacoes(2)	Local Gaap	340	46	60
Erbe(2)	Local Gaap	2,346	n.s.	(1)
Servicios Financieros Carrefour EFC SA(2)	Local Gaap	1,260	204	34
Verner Investissement(1)	IFRS Gaap	6,867	395	58

(1) Data relating to 31 December 2011.
(2) Data relating to 31 December 2010.

5.n PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS USED IN OPERATIONS, INVESTMENT PROPERTY

	31 December 2011			31 December 2010		
In millions of euros	Gross value	Accumulated depreciation amortisation and impairment	Carrying amount	Gross value	Accumulated depreciation amortisation and impairment	Carrying amount
INVESTMENT PROPERTY	**13,621**	**(2,177)**	**11,444**	**14,411**	**(2,084)**	**12,327**
Land and buildings	6,857	(1,339)	5,518	6,504	(1,286)	5,218
Equipment, furniture and fixtures	6,614	(4,092)	2,522	6,550	(3,999)	2,551
Plant and equipment leased as lessor under operating leases	12,964	(4,256)	8,708	11,927	(4,127)	7,800
Other property, plant and equipment	2,334	(804)	1,530	2,279	(723)	1,556
PROPERTY, PLANT AND EQUIPMENT	**28,769**	**(10,491)**	**18,278**	**27,260**	**(10,135)**	**17,125**
Purchased software	2,410	(1,814)	596	2,297	(1,705)	592
Internally-developed software	2,705	(1,920)	785	2,392	(1,679)	713
Other intangible assets	1,542	(451)	1,091	1,989	(796)	1,193
INTANGIBLE ASSETS	**6,657**	**(4,185)**	**2,472**	**6,678**	**(4,180)**	**2,498**

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 at amortised cost in "Investment property".

The estimated fair value of investment property accounted for at cost at 31 December 2011 was EUR 16,900 million, compared with EUR 18,138 million at 31 December 2010.

Operating leases and investment property transactions are in certain cases subject to agreements providing for the following minimum future payments:

In millions of euros	31 December 2011	31 December 2010
Future minimum lease payments receivable under non-cancellable leases	**8,248**	**6,205**
Payments receivable within 1 year	*3,203*	*2,208*
Payments receivable after 1 year but within 5 years	*4,624*	*3,258*
Payments receivable beyond 5 years	*421*	*739*

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

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 2011 was EUR 1,491 million, compared with EUR 1,613 million for the year ended 31 December 2010.

The net decrease in impairment losses on property, plant, equipment and intangible assets taken to the profit and loss account in the year ended 31 December 2011 amounted to EUR 17 million, compared with a net increase of EUR 20 million for the year ended 31 December 2010.

5.o GOODWILL

In millions of euros	Year to 31 Dec. 2011	Year to 31 Dec. 2010
CARRYING AMOUNT AT START OF PERIOD	**11,324**	**10,979**
Acquisitions	341	25
Divestments	(157)	(40)
Impairment losses recognised during the period	(173)	(78)
Translation adjustments	53	388
Other movements	18	50
CARRYING AMOUNT AT END OF PERIOD	**11,406**	**11,324**
Gross value	12,082	11,901
Accumulated impairment recognised at the end of period	(676)	(577)

Goodwill by core business is as follows:

	Carrying amount		Impairment losses recognised		Acquisitions of the period	
In millions of euros	31 December 2011	31 December 2010	Year to 31 Dec. 2011	Year to 31 Dec. 2010	Year to 31 Dec. 2011	Year to 31 Dec. 2010
Goodwill						
Retail Banking	**8,549**	**8,623**	**(172)**	**(2)**	**216**	**11**
BancWest	3,852	3,733				3
French & Belgium Retail Banking	77	68			9	
Italian Retail Banking	1,698	1,698				
Equipment Solution	542	682			7	1
Europe-Mediterranean	287	142		(2)	199	7
Personal Finance	2,093	2,300	(172)		1	-
Investment Solutions	**1,957**	**1,813**	**-**	**(76)**	**125**	**10**
Insurance	258	138			120	3
Investment Partners	248	229		(76)		
Personal Investors	413	417				
Real Estate	348	342			5	
Securities Services	365	362				7
Wealth Management	325	325				
Corporate and Investment Banking	**657**	**645**				**4**
Other businesses	**243**	**243**	**(1)**			
TOTAL GOODWILL	**11,406**	**11,324**	**(173)**	**(78)**	**341**	**25**
Negative goodwill			67			
CHANGE IN VALUE OF GOODWILL			**(106)**	**(78)**		

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 up to ten years and the inflation rate thereafter.

The tests take into account 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 sensitivity of cash generating unit valuations to changes in the value of parameters used in the DCF calculation. The cost of capital, cost/income ratio and sustainable 10-year growth rate are specific to each business. Notional equity allocated and growth rates beyond 10 years are set at 7% and 2% respectively for all businesses. The percentage of capital employed complies with regulatory requirements and the growth rate beyond 10 years is conservative in view of inflation rates in most countries in which the Group operates.

➤ SENSITIVITY OF THE MAIN GOODWILL VALUATIONS TO A 10-BASIS POINT CHANGE IN THE COST OF CAPITAL AND A 1% CHANGE IN THE COST/INCOME RATIO AND IN THE SUSTAINABLE GROWTH RATE

In millions of euros	BNL bc	BancWest	Personal Finance (excluding specific CGU)
Cost of capital			
Adverse change (+10 basis points)	(103)	(131)	(93)
Positive change (-10 basis points)	106	135	95
Cost/income ratio			
Adverse change (+1%)	(215)	(230)	(315)
Positive change (-1%)	215	230	315
Sustainable growth rate			
Adverse change (-1%)	(215)	(337)	(690)
Positive change (+1%)	222	355	726

For each cash generating unit mentioned above, there are no grounds for goodwill writedowns even if the three most adverse scenarios contained in the table are applied to the impairment test.

5.p TECHNICAL RESERVES OF INSURANCE COMPANIES

In millions of euros	31 December 2011	31 December 2010
Liabilities related to insurance contracts	**122,494**	**103,056**
Gross technical reserves		
Unit-linked contracts	39,550	33,058
Other insurance contracts	82,944	69,998
Liabilities related to financial contracts with discretionary participation feature	**10,564**	**10,029**
Policyholders' surplus	**-**	**1,833**
TOTAL TECHNICAL RESERVES OF INSURANCE COMPANIES	**133,058**	**114,918**
Technical reserves of insurance companies(1)	(1,247)	-
Liabilities related to unit-linked financial contracts(2)	1,340	1,437
Liabilities related to general fund financial contracts	45	54
TOTAL LIABILITIES RELATED TO CONTRACTS WRITTEN BY INSURANCE COMPANIES	**133,196**	**116,409**

(1) The policyholders' loss reserve is presented under "other debtors and miscellaneous assets".
(2) Liabilities related to unit-linked financial contracts are included in "Due to customers" (note 5.g).

The policyholders' surplus reserve arises from the application of shadow accounting. It represents the interest of policyholders within French and Italian life insurance subsidiaries in unrealised gains and losses and impairment losses on assets where the benefit paid under the policy is linked to the return on those assets.

For France, identical to 2010, this interest is set at 90% and is an average derived from stochastic analyses of unrealised gains and losses attributable to policyholders in various scenarios. Market conditions arising from the financial crisis in the second half of 2011 led to the recognition of a receivable of EUR 773 million. This receivable represents policyholders' share of unrealised losses and writedowns on the portfolio of financial assets, which are taken to income or directly to equity depending on their accounting category.

This amount is deemed recoverable on the basis of a stochastic analysis of future cash flows over a 15-year period, and taking into account consistent assumptions regarding rates paid to customers and new money inflows. In addition, held-to-maturity financial assets and property assets recognised at amortised cost gave rise to an unrealised gain of EUR 962 million, representing future returns higher than current market rates.

In regards to the life insurance business in Italy, a receivable of EUR 473 million relating to the policyholders' loss reserve was recognised at 31 December 2011, including EUR 434 million relating to the valuation carried out when the Group took control of BNL Vita. This asset, which is calculated by averaging stochastic calculations taking into account dynamic lapse rates and consistent assumptions regarding rates paid to customers and new money inflows, represent the proportion attributable to policyholders of unrealised gains or losses and impairment relating to the portfolio of financial assets classified mainly as available for sale.

The movement in liabilities related to insurance contracts breaks down as follows:

In millions of euros	Year to 31 Dec. 2011	Year to 31 Dec. 2010
LIABILITIES RELATED TO CONTRACTS AT START OF PERIOD	**116,409**	**103,991**
Additions to insurance contract technical reserves and deposits taken on financial contracts related to life insurance	11,895	16,389
Claims and benefits paid	(12,407)	(9,799)
Contracts portfolio disposals	(92)	(608)
Effect of changes in scope of consolidation	18,984	4,449
Effect of movements in exchange rates	4	575
Effect of changes in value of admissible investments related to unit-linked business	(1,597)	1,412
LIABILITIES RELATED TO CONTRACTS AT END OF PERIOD	**133,196**	**116,409**

See note 5.l for details of reinsurers' share of technical reserves.

5.q PROVISIONS FOR CONTINGENCIES AND CHARGES

In millions of euros	Year to 31 Dec. 2011	Year to 31 Dec. 2010
TOTAL PROVISIONS AT START OF PERIOD	**10,311**	**10,464**
Additions to provisions	1,964	1,527
Reversals of provisions	(1,588)	(964)
Provisions used	(1,260)	(1,050)
Effect of movements in exchange rates and other movements	1,053	334
TOTAL PROVISIONS AT END OF PERIOD	**10,480**	**10,311**

At 31 December 2011 and 31 December 2010, 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

In millions of euros	31 December 2011	31 December 2010
Deposits collected under home savings accounts and plans	**14,699**	**14,172**
of which deposits collected under home savings plans	11,846	11,401
Aged more than 10 years	*5,897*	*3,764*
Aged between 4 and 10 years	*3,290*	*5,752*
Aged less than 4 years	*2,659*	*1,885*
Outstanding loans granted under home savings accounts and plans	**438**	**515**
of which loans granted under home savings plans	96	126
Provisions recognised for home savings accounts and plans	**243**	**226**
of which home savings plans	224	203
Aged more than 10 years	*65*	*67*
Aged between 4 and 10 years	*91*	*102*
Aged less than 4 years	*68*	*34*

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CHANGE IN PROVISIONS

In millions of euros	Year to 31 Dec. 2011		Year to 31 Dec. 2010	
	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	**203**	**23**	**166**	**36**
Additions to provisions during the period	21	-	37	-
Provision reversals during the period	-	(4)	-	(13)
TOTAL PROVISIONS AT END OF PERIOD	**224**	**19**	**203**	**23**

Note 6 FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS

6.a FINANCING COMMITMENTS GIVEN OR RECEIVED

Contractual value of financing commitments given and received by the Group:

In millions of euros	31 December 2011	31 December 2010
Financing commitments given		
to credit institutions	27,291	45,413
to customers	226,007	269,318
Confirmed letters of credit	199,706	225,647
Other commitments given to customers	26,301	43,671
TOTAL FINANCING COMMITMENTS GIVEN	**253,298**	**314,731**
Financing commitments received		
from credit institutions	119,719	104,768
from customers	6,781	24,728
TOTAL FINANCING COMMITMENTS RECEIVED	**126,500**	**129,496**

6.b GUARANTEE COMMITMENTS GIVEN BY SIGNATURE

In millions of euros	31 December 2011	31 December 2010
Guarantee commitments given		
to credit institutions	14,920	10,573
to customers	91,176	91,990
Property guarantees	1,783	1,502
Sureties provided to tax and other authorities, other sureties	50,975	50,241
Other guarantees	38,418	40,247
TOTAL GUARANTEE COMMITMENTS GIVEN	**106,096**	**102,563**

6.c OTHER GUARANTEE COMMITMENTS

➤ FINANCIAL INSTRUMENTS GIVEN AS COLLATERAL

In millions of euros	31 December 2011	31 December 2010
Financial instruments (negotiable securities and private receivables) lodged with central banks and eligible for use at any time as collateral for refinancing transactions after haircut	91,231	94,244
Used as collateral with central banks	48,582	15,623
Available for refinancing transactions	42,649	78,621
Securities sold under repurchase agreements	239,813	275,245
Other financial assets pledged as collateral for transactions with banks and financial customers(1)	92,747	96,392

(1) Notably including "Société de Financement de l'Économie Française" and "Caisse de Refinancement de l'Habitat" financing.

Financial instruments given as collateral by the Group that the beneficiary is authorised to sell or reuse as collateral amounted to EUR 309,801 million at 31 December 2011 (EUR 327,482 million at 31 December 2010).

➤ FINANCIAL INSTRUMENTS RECEIVED AS COLLATERAL

In millions of euros	31 December 2011	31 December 2010
Financial instruments received as collateral (excluding repurchase agreements)	68,705	73,623
of which instruments that the Group is authorised to sell and reuse as collateral	30,509	41,440
Securities received under repurchase agreements	195,530	250,607

The financial instruments received as collateral or under repurchase agreements that the Group effectively sold or reused as collateral amounted to EUR 144,791 million at 31 December 2011 (compared with EUR 210,356 million at 31 December 2010).

Note 7 SALARIES AND EMPLOYEE BENEFITS

7.a SALARY AND EMPLOYEE BENEFIT EXPENSES

In millions of euros	Year to 31 Dec. 2011	Year to 31 Dec. 2010
Fixed and variable remuneration, incentive bonuses and profit-sharing	10,844	11,406
Retirement bonuses, pension costs and social security taxes	3,724	3,234
Payroll taxes	435	470
TOTAL SALARY AND EMPLOYEE BENEFIT EXPENSES	**15,003**	**15,110**

7.b POST-EMPLOYMENT BENEFITS

IAS 19 distinguishes between two categories of plans, each handled differently depending on the risk incurred by the entity. When the entity is committed to paying a fixed amount, stated as a percentage of the beneficiary's annual salary, for example, to an external entity handling payment of the benefits based on the assets available for each plan member, it is described as a defined contribution plan. Conversely, when the entity's obligation is to manage the financial assets funded through the collection of contributions from employees and to bear the cost of benefits itself or to guarantee the final amount subject to future events, it is described as a defined-benefit plan. The same applies, if the entity entrusts management of the collection of premiums and payment of benefits to a separate entity, but retains the risk arising from management of the assets and from future changes in the benefits.

Pension plans and other post-employment benefits

The BNP Paribas Group has implemented over the past few years a wide campaign of converting defined-benefit plans into defined -contribution plans.

In France, for example, the BNP Paribas Group pays contributions to various nationwide basic and top-up pension schemes. BNP Paribas SA and certain subsidiaries have set up a funded pension plan under a company-wide agreement. Under this plan, employees will receive an annuity on retirement in addition to the pension paid by nationwide schemes.

In addition, since defined benefit plans have been closed to new employees in most countries outside France, they are offered the benefit of joining defined contribution pension plans.

The amount paid into defined-contribution post-employment plans in France and other countries for the year to 31 December 2011 was EUR 511 million, compared with EUR 482 million for the year to 31 December 2010.

Defined-benefit pension plans for Group entities

In France, BNP Paribas pays a top-up banking industry pension arising from rights acquired to 31 December 1993 by retired employees at that date and active employees in service at that date. The residual pension obligations are covered by a provision in the consolidated financial statements or are transferred to an insurance company outside the Group. The defined-benefit plans previously granted to Group executives formerly employed by BNP, Paribas or Compagnie Bancaire have all been closed and converted into top-up type schemes. The amounts allocated to the beneficiaries, subject to their presence within the Group at retirement, were fixed when the previous schemes were closed. These pension plans have been funded through insurance companies. The fair value of the related plan assets in these companies' balance sheets breaks down as 84% bonds, 7.7% equities and 8.3% property assets.

In Belgium, BNP Paribas Fortis provides a defined-benefit plan for its employees and middle managers who joined the bank before its pension plans were harmonised on 1 January 2002, based on final salary and the number of years' service. The obligation is partially funded through AG Insurance, in which the BNP Paribas Group owns an 18.73% interest. BNP Paribas Fortis' senior managers have a pension plan that provides a lump sum based on number of years' service and final salary, which is partially funded through AXA Belgium and AG Insurance.

Under Belgian and Swiss law, the employer is responsible for a guaranteed minimum return on defined-contribution plans. As a result of this obligation, these plans are classified as defined-benefit plans.

Defined-benefit pension plans remain in place in certain countries, but are generally closed to new members. They are based either on the vesting of a pension linked to the employee's final salary and length of service (United Kingdom) or on the annual vesting of rights to a lump sum expressed as a percentage of annual salary and paying interest at a 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 funds (United Kingdom).

In Turkey, the pension plan replaces the national pension scheme and is fully funded by financial assets held with an external foundation.

On 31 December 2011, Belgium, the United Kingdom, the United States, Switzerland and Turkey represented 92% of the total gross defined-benefit obligations outside France. The fair value of the related plan assets was split as follows: 61% bonds, 16% equities, 23% other financial instruments (including 7% in insurance contracts).

Other post-employment benefits

Group employees also receive various other contractual post-employment benefits, such as indemnities payable on retirement. BNP Paribas' obligations for these benefits in France are funded through a contract held with a third-party insurer. In other countries, the Group obligations are mainly concentrated in Italy (80%), where pension reforms changed Italian termination indemnity schemes (TFR) into defined-contribution plans effective from 1 January 2007. Rights vested up to 31 December 2006 continue to be qualified as defined-benefit obligations.

Post-employment healthcare plans

In France, BNP Paribas 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.

Obligations under defined benefit plans

➤ ASSETS AND LIABILITIES RECOGNISED ON THE BALANCE SHEET

In millions of euros	Post-employment benefits		Post-employment healthcare benefits	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Present value of defined benefit obligation	**8,351**	**8,052**	**121**	**114**
Defined benefit obligation arising from wholly or partially funded plans	7,517	7,328	-	-
Defined Benefit Obligation arising from wholly unfunded plans	834	724	121	114
Fair value of plan assets	**(3,798)**	**(3,889)**	**-**	**-**
Fair value of reimbursement rights(1)	**(2,463)**	**(2,366)**	**-**	
Cost not yet recognised in accordance with IAS 19	**(407)**	**(219)**	**(5)**	**(1)**
Prior Service Costs	(164)	(178)	1	(3)
Net actuarial Gains/(Losses)	(243)	(41)	(6)	2
Effect of asset ceiling	**91**	**209**	**-**	**-**
NET OBLIGATION RECOGNISED IN THE BALANCE SHEET FOR DEFINED-BENEFIT PLANS	**1,774**	**1,787**	**116**	**113**
Asset recognised in the balance sheet for defined-benefit plans	(2,624)	(2,473)	-	-
of which net assets of defined-benefit plans	*(161)*	*(107)*	-	-
of which fair value of reimbursement rights	*(2,463)*	*(2,366)*	-	-
Obligation recognised in the balance sheet for defined-benefit plans	4,398	4,260	116	113

(1) The reimbursement rights are principally found on the balance sheet of the Group's insurance subsidiaries notably AG Insurance with respect to BNP Paribas Fortis' defined-benefit plan to hedge its commitments to other Group entities that were transferred to them to cover the post-employment benefits of certain employee categories.

➤ CHANGE IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION

In millions of euros	Post-employment benefits		Post-employment healthcare benefits	
	Year to 31 Dec. 2011	Year to 31 Dec. 2010	Year to 31 Dec. 2011	Year to 31 Dec. 2010
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AT START OF PERIOD	**8,052**	**8,009**	**114**	**99**
Current service cost	300	308	3	2
Interest cost	320	335	5	5
Plan amendments	(8)	5	1	2
Curtailments or settlements	(97)	(319)	(1)	-
Actuarial (gains)losses on obligation	210	(95)	3	6
Actual employee contributions	30	30	-	-
Benefits paid directly by employer	(145)	(120)	(5)	(4)
Benefits paid from assets/reimbursement rights	(297)	(327)	-	-
Exchange rate (gains)losses on obligation	23	212	2	3
Consolidation variation (gains)losses on obligation	(37)	16	-	-
Others	-	(2)	(1)	1
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AT END OF PERIOD	**8,351**	**8,052**	**121**	**114**

➤ CHANGE IN THE FAIR VALUE OF PLAN ASSETS

In millions of euros	Post-employment benefits	
	Year to 31 Dec. 2011	Year to 31 Dec. 2010
FAIR VALUE OF PLAN ASSETS AT START OF PERIOD	**3,889**	**3,474**
Expected return on plan assets	188	197
Settlements	(55)	(6)
Actuarial gains/(losses) on plan assets	(49)	61
Actual employee contributions	21	22
Employer contributions	127	123
Benefits paid from plan assets	(138)	(171)
Exchange rate gains/(losses) on plan assets	(31)	185
Consolidation variation gains/(losses) on plan assets	(155)	4
Others	1	-
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	**3,798**	**3,889**

Healthcare benefit plans are not funded plans.

➤ CHANGE IN THE FAIR VALUE OF REIMBURSEMENT RIGHTS

In millions of euros	Post-employment benefits	
	Year to 31 Dec. 2011	Year to 31 Dec. 2010
FAIR VALUE OF REIMBURSEMENT RIGHTS AT START OF PERIOD	**2,366**	**2,566**
Expected return on reimbursement rights	92	96
Settlements	-	(199)
Actuarial gains/(losses) on reimbursement rights	1	(58)
Actual employee contributions	9	8
Employer contributions	111	108
Benefits paid from reimbursement rights	(159)	(156)
Consolidation variation gains/(losses) on reimbursement rights	3	-
Effect of change in scope	41	-
Others	(1)	1
FAIR VALUE OF REIMBURSEMENT RIGHTS AT END OF PERIOD	**2,463**	**2,366**

Healthcare benefit plans are not funded plans.

➤ COMPONENTS OF THE COST OF DEFINED-BENEFIT PLANS

In millions of euros	Post-employment benefits		Post-employment healthcare benefits	
	Year to 31 Dec. 2011	Year to 31 Dec. 2010	Year to 31 Dec. 2011	Year to 31 Dec. 2010
Current service cost	300	308	3	2
Interest cost	320	335	5	5
Expected return on plan assets	(188)	(197)	-	-
Expected return on reimbursement rights	(92)	(96)	-	-
Amortization of actuarial (gains)losses	62	4	-	-
Amortization of prior service costs	5	13	-	1
(Losses)gains on curtailments or settlements	(39)	(104)	(1)	-
Effect of asset ceiling	(32)	41	-	-
Others	(2)	(2)	-	-
TOTAL EXPENSE RECOGNISED IN PROFIT AND LOSS	**334**	**302**	**7**	**8**

Method used to measure obligations

Defined-benefit plans are valued by independent firms using actuarial techniques, applying the projected unit credit method, in order to determine the expense arising from rights vested by employees and benefits payable to retired employees. The demographic and financial assumptions used to estimate the present value of these obligations and of plan assets take into account economic conditions specific to each country and Group company.

Obligations under post-employment healthcare benefit plans are measured using the specific mortality tables applicable in each country and healthcare cost trend assumptions. These assumptions, which are derived from historical data, take into account expectations about healthcare benefit costs, including expected trend in the cost of healthcare benefits and expected inflation.

Principal actuarial assumptions used to calculate post-employment benefit obligations (excluding post-employment healthcare benefits)

The Group discounts its obligations at the government bond yield in the eurozone and the yield on high quality corporate bonds in other currency areas, the term of the corporate or government bonds being consistent with the duration of the estimated obligations. When the market for such bonds is not sufficiently deep, the obligation is discounted at the government bond yield.

The rates used are as follows:

	31 December 2011				31 December 2010			
In %	France	Euro zone excl. France	UK	USA	France	Euro zone excl. France	UK	USA
Discountrate	3.14%-4.64%	3.30%-4.70%	3.50%	4.50%	3.26%-4.40%	3.15%-4.50%	4.70%	5.25%
Rate of compensation increase(1)	3.00%-4.50%	2.00%-4.65%	2.00%-4.50%	4.00%	3.00%-4.50%	1.80%-5.80%	2.00%-5.20%	4.00%

(1) Including price increases (inflation).

Actual rate of return on plan assets and reimbursement rights over the period

The expected return on plan assets is determined by weighting the expected return on each asset class by its respective contribution to the fair value of total plan assets.

	Year to 31 Dec. 2011				Year to 31 Dec. 2010			
In %	France	Euro zone excl. France	UK	USA	France	Euro zone excl. France	UK	USA
Expected return on plan assets and reimbursement rights(1)	3.90%	3.25%-4.70%	3.00%-6.20%	4.50%-6.00%	3.90%	3.25%-4.70%	4.40%-6.80%	5.00%-6.00%
Actual return on plan assets and reimbursement rights(1)	3.68%	1.00%-6.40%	2.80%-7.40%	1.00%-5.00%	3.89%	3.00%-13.00%	3.30%-13.60%	9.70%-11.30%

(1) Range of values, reflecting the existence of several plans within a single country or geographical or monetary zone.

Actuarial gains and losses

Actuarial gains and losses reflect increases or decreases in the present value of a defined benefit obligation or in the fair value of the corresponding plan assets. Actuarial gains and losses resulting from the change in the present value of a defined benefit plan obligation are the cumulative effect of experience adjustments (differences between previous actuarial assumptions and actual occurrences) and the effects of changing actuarial assumptions.

BNP Paribas applies the "corridor" approach permitted in IAS 19, which specifies that recognition of actuarial gains and losses is deferred when they do not exceed 10% of the greater of the i) obligation and ii) value of the plan assets. The "corridor" is calculated separately for each defined-benefit plan. Where this limit is breached, the exceeding portion of cumulative actuarial gains and losses is amortised in the profit and loss account over the remaining working lives of employees participating to the plan.

The following table shows the actuarial gains and losses:

In millions of euros	Post-employment benefits	
	31 December 2011	31 December 2010
CUMULATIVE UNRECOGNISED ACTUARIAL LOSSES	**(243)**	**(41)**
NET ACTUARIAL (LOSSES)/ GAINS GENERATED OVER THE PERIOD	**(258)**	**98**
of which actuarial losses/gains on plan assets or reimbursement rights	(51)	3
of which actuarial losses/gains from changes in actuarial assumptions on obligation	(275)	137
of which experience gains/losses on obligation	68	(42)

7.c OTHER LONG-TERM BENEFITS

BNP Paribas offers its employees various long-term benefits, mainly long-service awards, the ability to save up paid annual leave in time savings accounts, and certain guarantees protecting them in the event they become incapacitated.

As part of the Group's variable compensation policy, annual deferred compensation plans are set up for certain high-performing employees or pursuant to special regulatory frameworks.

Under these plans, payment is deferred over time and is subject to the performance achieved by the business lines, divisions and Group.

In millions of euros	31 December 2011	31 December 2010
Net provisions for other long-term benefits	864	821

7.d 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 a bilateral agreement or a draft bilateral agreement.

Furthermore, within the framework of the plan to reduce the size of its balance sheet adopted in the second half of 2011, a plan to adapt the headcount has been introduced, primarily within Corporate and Investment Banking. Provisions of EUR 201 million have been set aside in respect of the measures implemented to 31 December 2011.

In millions of euros	31 December 2011	31 December 2010
Provisions for voluntary departure, early retirement plans, and headcount adaptation plan	533	469

7.e SHARE-BASED PAYMENTS

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 put in place in connection with 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.

Global Share-Based Incentive Plan

Until 2005, various stock option plans were granted to Group employees by BNP Paribas and BNL, under successive authorisations given by Extraordinary Shareholders' Meetings.

Since 2005, the Group has set up stock option plans on an annual basis with a view to actively involve various categories of managers in creating value for the Group, and thereby encouraging the convergence of their interests with those of the Group's shareholders. The managers selected for these plans represent the Group's best talent, including the next generation of leaders: senior managers, managers in key positions, line managers and technical experts, high-potential managers, high-performing young managers with good career development prospects, and major contributors to the Group's results.

The option exercise price under these plans is determined at the time of issuance 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 first, second, third and fourth years of the compulsory holding period and, at each measurement date, applies to one quarter of the options subject to the performance condition.

The conditional portion granted in 2010 differs according to employee category and is set at 100% of the total award for members of the BNP Paribas Group Executive Committee and senior managers and 20% for other beneficiaries (respectively 60%, 40% and 20% in 2009).

The performance of the BNP Paribas share relative to the index is determined by comparing the percentage ratio between the average opening price of the BNP Paribas share in each compulsory holding year and its average opening price in the previous year, with 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 the 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 twenty-three 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 and share awards.

Employees' rights under share awards made in 2010 vest after a period of 3 or 4 years, depending on the case and provided the employee is still a member of the Group. The compulsory holding period for the shares granted free of consideration is two years for French employees. Up until 2009, the vesting period was either two years or four years, depending on the exact circumstances. Share awards were made to Group employees outside France from 2009 onwards. Since 2009, a performance condition has been introduced for share awards.

The conditional portion differs according to the employee category and was set at 100% of the total award for members of the BNP Paribas Group Executive Committee and senior managers and 20% for other beneficiaries.

This performance condition can be met either on an annual basis, if the Group's earnings per share increase by 5% or more compared with the previous year, or on an aggregate basis over the first three years of the vesting period.

If this condition is not met, the relevant portion of the share awards will lapse.

All unexpired plans settle in subscription or purchase of BNP Paribas shares.

Deferred share price-linked, cash-settled compensation plans

As part of the Group's variable remuneration policy, deferred annual compensation plans offered to certain high-performing employees or set up pursuant to special regulatory frameworks may entitle beneficiaries to variable compensation settled in cash but linked to the share price, payable over several years.

Variable compensation, with respect to 2009 and 2010, for employees, subject to special regulatory frameworks

In 2009, the relevant Group employees were primarily trading staff. The variable compensation plan 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 on 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.

The 2010 and 2011 variable compensation plan applies to Group employees performing activities that may have a material impact on the Group's risk profile and takes into account the regulatory changes that occurred upon publication of the Decree by the French ministry of finance on 13 December 2010.

Under these plans, payment is deferred over time and is contingent on the performance achieved by the business lines, divisions and Group.

Sums are paid mostly in cash and are linked to the negative or positive change in the BNP Paribas share price. In addition, in accordance with the Decree of 13 December 2010, some of the variable compensation awarded in 2011 and 2012 in respect of 2010 and 2011 performance will also be indexed to the BNP Paribas share price and paid to beneficiaries during 2011 and 2012 respectively.

Deferred variable compensation for other Group employees

Sums due under the annual deferred compensation plans for high-performing employees are paid all or part in cash and are linked to the negative or positive change in the BNP Paribas share price.

➤ EXPENSE OF SHARE-BASED PAYMENT

	2011				2010
Expense in millions of euros	Stock option plans	Share award plans	Variable deferred compensation plans	Total expense	Total expense
Prior deferred compensation plans	-	-	(285)	**(285)**	9
Deferred compensation plan for the year	-	-	287	**287**	566
Global share-based incentive plan	39	30	-	**69**	71
TOTAL	**39**	**30**	**2**	**71**	**646**

Valuation of 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 respectively on the basis of the fair value of the options and shares concerned. This initial fair value may not subsequently be adjusted for changes in the quoted market price of BNP Paribas shares. The only assumptions that may result in a revision to fair value during the vesting period, and hence an adjustment in the expense, are those related to the population of grantees (loss of rights) and internal performance conditions. The Group's share-based payment plans are valued by an independent specialist firm.

Measurement of stock subscription options

Binomial or trinomial tree algorithms are used to build in the possibility of non-optimal exercise of options from the vesting date. The Monte Carlo method is also used to price in the characteristics of certain secondary grants linking options to the performance of the BNP Paribas share relative to a sector index.

The implied volatility used in measuring stock option plans is estimated on the basis of a range of ratings prepared by various dealing rooms. The level of volatility used by the Group takes account of historical volatility trends for the benchmark index and BNP Paribas shares over a 10-year period.

Stock subscription options granted in 2011 were valued at between EUR 11.03 and EUR 12.13 depending on whether or not they are subject to performance conditions according to the various secondary award tranches (compared with EUR 13.28 and EUR 14.98, respectively in 2010).

	Year to 31 Dec. 2011	Year to 31 Dec. 2010
	Plan granted on 4 March 2011	Plan granted on 5 March 2010
BNP Paribas share price on the grant date *(in euros)*	54.49	54.97
Option exercise price *(in euros)*	56.45	51.20
Implied volatility of BNP Paribas shares	28.5%	27.6%
Expected option holding period	8 years	8 years
Expected dividend on BNP Paribas shares[(1)]	4.1%	3.0%
Risk-free interest rate	3.5%	3.2%
Expected proportion of options that will be forfeited	1.3%	1.5%

(1) The dividend yield indicated above is the average of a series of estimated annual dividends.

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 vesting date, discounted at the grant date.

	Year to 31 Dec. 2011 Plan granted on 4 March 2011		Year to 31 Dec. 2010 Plan granted on 5 March 2010	
	Vested on 4 March 2014	Vested on 4 March 2015	Vested on 5 March 2013	Vested on 5 March 2014
BNP Paribas share price on the grant date (in euros)	54.49	54.49	54.97	54.97
Date of availability	4 March 2016	4 March 2015	6 March 2015	5 March 2014
Expected dividend on BNP Paribas shares[(1)]	4.10%	4.10%	3.01%	3.01%
Risk-free interest rate	2.99%	2.81%	2.50%	2.21%
Expected proportion of options that will be forfeited	2.00%	2.00%	2.00%	2.00%
THEORETICAL UNIT VALUE	**47.84 €**	**45.95 €**	**50.00 €**	**48.57 €**

(1) The dividend yield indicated above is the average of a series of estimated annual dividends.

History of plans granted under the Global Share-Based Incentive Plan

The tables below give details of the characteristics and terms of all unexpired plans at 31 December 2011:

➤ STOCK SUBSCRIPTION OPTION PLANS

Characteristics of the plan							Options outstanding at end of period	
Originating company	Date of grant	Number of grantees	Number of options granted	Start date of exercise period	Option expiry date	Adjusted exercise price *(in euros)*(1)	Number of options(1)	Remaining period until expiry of options (years)
BNL(4)	20/10/2000	161	504,926	20/10/2003	20/10/2013	100.997	435,166	1.8
BNL(4)	26/10/2001	223	573,250	26/10/2004	26/10/2014	61.888	4,856	2.8
BNL(4)	26/10/2001	153	479,685	26/10/2004	26/10/2012	61.888	2,123	0.8
BNP Paribas SA(2)	31/05/2002	1,384	2,158,570	31/05/2006	30/05/2012	58.02	1,018,455	0.4
BNP Paribas SA(3)	21/03/2003	1,302	6,693,000	21/03/2007	20/03/2013	35.87	2,681,332	1.2
BNP Paribas SA(3)	24/03/2004	1,458	1,779,850	24/03/2008	21/03/2014	48.15	1,257,418	2.2
BNP Paribas SA(3)	25/03/2005	2,380	4,332,550	25/03/2009	22/03/2013	53.28	4,000,231	1.2
BNP Paribas SA(3)	05/04/2006	2,583	3,894,770	06/04/2010	04/04/2014	73.40	3,555,174	2.3
BNP Paribas SA(3)	08/03/2007	2,023	3,630,165	08/03/2011	06/03/2015	80.66	3,393,528	3.2
BNP Paribas SA(3)	06/04/2007	219	405,680	06/04/2011	03/04/2015	76.57	374,009	3.3
BNP Paribas SA(3)	18/04/2008	2,402	3,985,590	18/04/2012	15/04/2016	64.47	3,809,741	4.3
BNP Paribas SA(3)	06/04/2009	1,397	2,376,600	08/04/2013	05/04/2017	35.11	2,331,252	5.3
BNP Paribas SA(3)	05/03/2010	1,820	2,423,700	05/03/2014	02/03/2018	51.20	2,363,640	6.2
BNP Paribas SA(3)	04/03/2011	1,915	2,296,820	04/03/2015	04/03/2019	56.45	2,282,700	7.2
TOTAL OPTIONS OUTSTANDING AT END OF PERIOD							**27,509,625**	

(1) The number of options and the exercise price have been adjusted, where appropriate, for the two-for-one BNP Paribas share split that took place on 20 February 2002, and the pre-emptive subscription rights allotted on 7 March 2006 and 30 September 2009, in accordance with the regulations in force.

(2) These options were subject to vesting conditions related to the financial performance of the Group as measured by the ratio of net income (attributable to equity holders) 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 338.44 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 171,829 options under the 25 March 2005 plan, outstanding at the year-end;*
- *EUR 77.06 for 157,754 options under the 5 April 2006 plan, outstanding at the year-end.*

(4) 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						
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	Number of shares outstanding at end of period[2]
BNP Paribas SA[1]	2007-2008					658
BNP Paribas SA	06/04/2009	2,247	359,930	10/04/2012	10/04/2014	359,062
BNP Paribas SA	06/04/2009	1,686	278,325	08/04/2013	08/04/2013	267,486
BNP Paribas SA	05/03/2010	2,536	510,445	05/03/2013	05/03/2015	501,337
BNP Paribas SA	05/03/2010	2,661	487,570	05/03/2014	05/03/2014	470,305
BNP Paribas SA	04/03/2011	2,574	541,415	04/03/2014	04/03/2016	539,285
BNP Paribas SA	04/03/2011	2,743	499,035	04/03/2015	04/03/2015	495,435
TOTAL SHARES OUTSTANDING AT END OF PERIOD						**2,633,568**

(1) *The vesting date for certain shares has been deferred due to the beneficiaries' absence on the date initially scheduled.*
(2) *The number of shares has been adjusted for the pre-emptive subscription rights allotted on 30 September 2009.*

Movements over the past two years

STOCK SUBSCRIPTION OPTION PLANS

	2011		2010	
	Number of options	Weighted average exercise price (in euros)	Number of options	Weighted average exercise price (in euros)
OPTIONS OUTSTANDING AT 1 JANUARY	**28,752,600**	**58.05**	**28,041,693**	**58.15**
Options granted during the period	2,296,820	56.45	2,423,700	51.20
Options exercised during the period	(2,770,177)	46.17	(1,117,744)	42.91
Options expired during the period	(769,618)		(595,049)	
OPTIONS OUTSTANDING AT 31 DECEMBER	**27,509,625**	**58.67**	**28,752,600**	**58.05**
OPTIONS EXERCISABLE AT 31 DECEMBER	**16,722,292**	**61.99**	**16,287,106**	**55.62**

The average quoted stock market price for the option exercise period in 2011 was EUR 54.84 (EUR 55.56 in 2010).

SHARE AWARD PLANS

	2011	2010
	Number of shares	Number of shares
SHARES OUTSTANDING AT 1 JANUARY	**1,637,867**	**1,525,322**
Shares granted during the period	1,040,450	998,015
Shares vested during the period	(2,392)	(865,543)
Shares expired during the period	(42,357)	(19,927)
SHARES OUTSTANDING AT 31 DECEMBER	**2,633,568**	**1,637,867**

➤ SHARES SUBSCRIBED OR PURCHASED BY EMPLOYEES UNDER THE COMPANY SAVINGS PLAN

	Year to 31 Dec. 2011	Year to 31 Dec. 2010
Date plan announced	11 May 2011	12 May 2010
Quoted price of BNP Paribas shares at date plan announced *(in euros)*	54.23	51.32
Number of shares issued or transferred	6,315,653	3,700,076
Purchase or subscription price *(in euros)*	42.40	42.00
Five-year risk-free interest rate	2.76%	1.90%
Five-year borrowing cost	7.63%	7.13%
Borrowing cost during the holding period	25.14%	22.12%

The Group did not recognise an expense in relation to the Company Savings Plan as the discount granted to employees subscribing 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 2011, 36% accepted the offer and 64% turned it down.

Note 8 ADDITIONAL INFORMATION

8.a CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

Resolutions of the Shareholders' General Meeting valid for 2011

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 2011:

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2011
Shareholders' General Meeting of 21 May 2008 (21st resolution)	Authorisation to award shares for no consideration to employees and corporate officers of BNP Paribas and related companies *The shares awarded may be existing shares or new shares to be issued and may not exceed 1.5% of BNP Paribas' share capital on the date that the Board of Directors decided the award, i.e. less than 0.5% a year.* *This authorisation was granted for a period of 38 months and was nullified by the 15th resolution of the Shareholders' General Meeting of 11 May 2011*	1,040,450 free shares awarded at the Board meeting of 4 March 2011
Shareholders' General Meeting of 21 May 2008 (22nd resolution)	Authorisation to grant stock subscription or purchase options to corporate officers and certain employees *The number of options granted may not exceed 3% of BNP Paribas' share capital on the date that the Board of Directors decided the award, 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 and was nullified by the 16th resolution of the Shareholders' General Meeting of 11 May 2011*	2,296,820 stock subscription options granted at the Board meeting of 4 March 2011

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2011
Shareholders' General Meeting of 12 May 2010 (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 shares making up the share capital *Said acquisitions of shares at a price not exceeding EUR 75 would be intended to fulfil several objectives, notably including:* - *honouring obligations arising from the issue of share equivalents, stock option programmes, the award of free shares, the award or sale of shares to employees in connection with the employee profit-sharing scheme, employee share ownership plans or corporate savings plans;* - *cancelling shares following authorisation by the Shareholders' General Meeting of 12 May 2010 (20th resolution);* - *covering any allocation of shares to the employees of BNP Paribas and companies exclusively controlled by BNP Paribas within the meaning of Article L.233-16 of the French Commercial Code, for retention or remittance in exchange or payment for external growth transactions, mergers, spin-offs or asset contributions,* - *in connection with a market-making agreement complying with the Autorité des Marchés Financiers' Code of Ethics,* - *for asset and financial management purposes.* *This authorisation was granted for a period of 18 months and was nullified by the 5th resolution of the Shareholders' General Meeting of 11 May 2011*	Under the market-making agreement, 1,319,710 shares with a par value of EUR 2 were acquired and 1,295,795 shares with a par value of EUR 2 were sold between 1 January 2011 and 10 May 2011
Shareholders' General Meeting of 12 May 2010 (12th resolution)	Authorisation to issue ordinary shares and share equivalents with pre-emptive rights for existing shareholders maintained. *The par value of the capital increases that may be carried out immediately and/or in the future by virtue of this authorisation may not exceed EUR 1 billion (representing 500 million shares).* *The par value of any debt instruments 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.*	This authorisation was not used during the period
Shareholders' General Meeting of 12 May 2010 (13th resolution)	Authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders waived, and a priority subscription period granted. *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.*	This authorisation was not used during the period
Shareholders' General Meeting of 12 May 2010 (14th resolution)	Authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders waived, in consideration for securities tendered to public exchange offer. *The par value of the capital increases that may be carried out on one or more occasions by virtue of this authorisation may not exceed EUR 350 million.* *This authorisation was granted for a period of 26 months.*	This authorisation was not used during the period
Shareholders' General Meeting of 12 May 2010 (15th resolution)	Authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders waived, in consideration for securities tendered to contributions of unlisted shares (up to a maximum of 10% of the capital). *The par value of the capital increases that may be carried out on one or more occasions by virtue of this authorisation may not exceed 10% of the number of shares comprising the issued capital of BNP Paribas on the date of the decision by the Board of Directors.* *This authorisation was granted for a period of 26 months*	This authorisation was not used during the period

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2011
Shareholders' General Meeting of 12 May 2010 (16th resolution)	Blanket limit on authorisations to issue shares with pre-emptive rights for existing shareholders waived. *The maximum par value of all issues made with pre-emptive rights for existing shareholders waived by virtue of the authorisations granted under the 13th to 15th resolutions of the Shareholders' General Meeting of 12 May 2010 may not exceed EUR 350 million for shares immediately and/or in the future and EUR 7 billion for debt instruments.*	Not applicable
Shareholders' General Meeting of 12 May 2010 (17th resolution)	Issue of shares to be paid up by capitalising income, retained earnings or additional paid-in capital. *Authorisation was given to increase the issued capital within the limit of a maximum par value of EUR 1 billion on one or more occasions, by capitalising all or part of the retained earnings, profits or additional paid-in capital, successively or simultaneously, through the issuance and award of free ordinary shares, through an increase in the par value of existing shares, or through a combination of these two methods.* *This authorisation was granted for a period of 26 months.*	This authorisation was not used during the period
Shareholders' General Meeting of 12 May 2010 (18th resolution)	Blanket limit on authorisations to issue shares with or without pre-emptive rights for existing shareholders. *The maximum par value of all issues made with or without pre-emptive rights for existing shareholders by virtue of the authorisations granted under the 12th to 15th resolutions of the Shareholders' General Meeting of 12 May 2010 may not exceed EUR 1 billion for shares immediately and/or in the future and EUR 10 billion for debt instruments.*	Not applicable
Shareholders' General Meeting of 12 May 2010 (19th resolution)	Authorisation granted to the Board of Directors to carry out transactions reserved for members of the BNP Paribas Group's Corporate Savings Plan in the form of new share issues and/or sales of reserved shares. *Authorisation was given to increase the share capital within the limit of a maximum par value of EUR 46 million on one or more occasions by issuing ordinary shares, with pre-emptive rights for existing shareholders waived, reserved for members of the BNP Paribas Group's Corporate Savings Plan.* *This autorisation was granted for a period of 26 months*	6,315,653 new shares with a par value of EUR 2 issued on 13 July 2011
Shareholders' General Meeting of 12 May 2010 (20th resolution)	Authorisation to reduce the share capital by cancelling shares. *Authorisation was given to cancel on one or more occasions through a reduction in the share capital all or some of the shares that BNP Paribas holds and that it may come to hold, provided that the number of shares cancelled in any 24-month period does not exceed 10% of the total number of shares in issue on the transaction date.* Full powers were delegated to complete the capital reduction and deduct the difference between the purchase cost of the cancelled shares and their par value from additional paid-in capital and reserves available for distribution, including from the legal reserve in respect of up to 10% of the capital cancelled. This authorisation was granted for a period of 18 months and was nullified by the 17th resolution of the Shareholders' General Meeting of 11 May 2011.	This authorisation was not used during the period

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2011
Shareholders' General Meeting of 11 May 2011 (5th resolution)	Authorisation given to the Board of Directors to set up a share buyback programme for the Company until it holds at most 10% of the shares making up the share capital. *Said acquisitions of shares at a price not exceeding EUR 75 (identical to the previous resolution) would be intended to fulfil several objectives, notably including:* - *honouring obligations arising from the issue of share equivalents, stock option programmes, the award of free shares, the award or sale of shares to employees in connection with the employee profit-sharing scheme, employee share ownership plans or corporate savings plans;* - *cancelling shares following authorisation by the Shareholders' General Meeting of 11 May 2011 (17th resolution of the Shareholders' General Meeting of 11 May 2011);* - *covering any allocation of shares to the employees and corporate officers of BNP Paribas and companies exclusively controlled by BNP Paribas within the meaning of Article L.233-16 of the French Commercial Code, for retention or remittance in exchange or payment for external growth transactions, mergers, spin-offs or asset contributions, in connection with a market-making agreement complying with the Autorité des Marchés Financiers' Code of Ethics, for asset and financial management purposes.* *This authorisation was granted for a period of 18 months and replaces that given by the 5th resolution of the Shareholders' General Meeting of 12 May 2010.*	Excluding the market-making agreement, 14,684,591 shares with a par value of EUR 2 were purchased in August and September 2011. Under the market-making agreement, 1,290,651 shares with a par value of EUR 2 were acquired and 1,234,575 shares with a par value of EUR 2 were sold between 11 May 2011 and 31 December 2011
Shareholders' General Meeting of 11 May 2011 (15th resolution)	Authorisation to allot performance shares to the Group's employees and corporate officers *The shares awarded may be existing shares or new shares to be issued and may not exceed 1.5% of BNP Paribas' share capital, i.e. less than 0.5% a year.* *This authorisation was granted for a period of 38 months and replaces that given by the 21st resolution of the Shareholders' General Meeting of 21 May 2008.*	This authorisation was not used during the period
Shareholders' General Meeting of 11 May 2011 (16th resolution)	Authorisation to grant stock subscription or purchase options to corporate officers and certain employees *The number of options granted may not exceed 3% of BNP Paribas' share capital, i.e. less than 1% a year. This is a blanket limit covering both the 15th and 16th resolutions of the Shareholders' General Meeting of 11 May 2011.* *This authorisation was granted for a period of 38 months and replaces that given by the 22nd resolution of the Shareholders' General Meeting of 21 May 2008*	This authorisation was not used during the period
Shareholders' General Meeting of 11 May 2011 (17th resolution)	Authorisation granted to the Board of Directors to reduce the share capital by cancelling shares *Authorisation was given to cancel on one or more occasions through a reduction in the share capital all or some of the shares that BNP Paribas holds and that it may come to hold, provided that the number of shares cancelled in any 24-month period does not exceed 10% of the total number of shares at the issue date.* *Full powers were delegated to complete the capital reduction and deduct the difference between the purchase cost of the cancelled shares and their par value from additional paid-in capital and reserves available for distribution, including from the legal reserve in respect of up to 10% of the capital cancelled.* *This authorisation was granted for a period of 18 months and replaces that given by the 20th resolution of the Shareholders' General Meeting of 12 May 2010.*	This authorisation was not used during the period

SHARE CAPITAL TRANSACTIONS

Operations affecting share capital	Number of shares	Par value (in euros)	in euros	Date of authorisation by Shareholders' Meeting	Date of decision by Board of Directors	Date from which shares carry dividend rights
Number of shares outstanding at 31 December 2009	**1,185,281,764**	**2**	**2,370,563,528**			
Increase in share capital by exercise of stock subscription options	595,215	2	1,190,430	(1)	(1)	1 January 2009
Increase in share capital by exercise of stock subscription options	522,529	2	1,045,058	(1)	(1)	1 January 2010
Capital decrease	(600,000)	2	(1,200,000)	13 May 2009	5 March 2010	-
Capital increase arising on the merger of Fortis Bank France	354	2	708	12 May 2010	12 May 2010	1 January 2010
Capital increase arising on the payment of a stock dividend	9,160,218	2	18,320,436	12 May 2010	12 May 2010	1 January 2010
Capital increase reserved for members of the Company Savings Plan	3,700,076	2	7,400,152	12 May 2010	12 May 2010	1 January 2010
Number of shares outstanding at 31 December 2010	**1,198,660,156**	**2**	**2,397,320,312**			
Increase in share capital by exercise of stock subscription options	2,736,124	2	5,472,248	(1)	(1)	1 January 2010
Increase in share capital by exercise of stock subscription options	34,053	2	68,106	(1)	(1)	1 January 2011
Capital increase reserved for members of the Company Savings Plan	6,315,653	2	12,631,306	12 May 2010	11 May 2011	1 January 2011
Number of shares outstanding at 31 December 2011	**1,207,745,986**	**2**	**2,415,491,972**			

(1) *Various resolutions voted in the Shareholders' General Meetings and decisions of the Board of Directors authorising the granting of stock subscription options that were exercised during the period.*

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 2009	**3,648,316**	**211**	**(4,404,309)**	**(246)**	**(755,993)**	**(35)**
Acquisitions	2,609,576	140			2,609,576	140
Disposals	(1,806,987)	(92)			(1,806,987)	(92)
Shares delivered to employees	(921,772)	(55)			(921,772)	(55)
Capital decrease	(600,000)	(40)			(600,000)	(40)
Other movements	(14,955)	(2)	(95,485)	32	(110,440)	30
Shares held at 31 December 2010	**2,914,178**	**162**	**(4,499,794)**	**(214)**	**(1,585,616)**	**(52)**
Acquisitions	17,294,952	614			17,294,952	614
Disposals	(2,530,370)	(127)			(2,530,370)	(127)
Shares delivered to employees	(13,464)	(1)			(13,464)	(1)
Other movements	(1,700,548)	(89)	(1,580,236)	30	(3,280,784)	(59)
Shares held at 31 December 2011	**15,964,748**	**559**	**(6,080,030)**	**(184)**	**9,884,718**	**375**

At 31 December 2011, the BNP Paribas Group was a net buyer of 9,884,718 BNP Paribas shares representing an amount of EUR 375 million, which was recognised as a reduction in equity.

During 2011, BNP Paribas SA acquired on the market, outside the market-making agreement, 12,034,091 shares at an average price of EUR 31.39 per share with a par value of EUR 2, with the intention of cancelling these shares, and 2,650,500 shares at an average price of EUR 41.62 per share with a par value of EUR 2, with the aim of honouring the obligations relating to the allocation of shares to employees.

Under the Bank's market-making agreement with BNP Paribas share in the Italian market, and in line with the Code of Ethics recognised by the AMF, BNP Paribas SA bought back 2,610,361 shares during 2011 at an average share price of EUR 48.28, and sold 2,530,370 treasury shares at an average share price of EUR 48.38. At 31 December 2011, 229,587 shares worth EUR 6.9 million were held by BNP Paribas under this agreement.

From 1 January to 31 December 2011, 2,392 BNP Paribas shares were delivered following the definitive award of free shares to their beneficiaries.

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.

Preferred shares and Undated Super Subordinated Notes (TSSDI) eligible as Tier 1 regulatory capital

Preferred shares issued by the Group's foreign subsidiaries

In January 2002, BNP Paribas Capital Trust IV, a subsidiary under the exclusive control of the Group, made a EUR 660 million issue of non-voting undated non-cumulative preferred shares governed by the laws of the United States, which did not dilute BNP Paribas ordinary shares. The shares pay a fixed-rate dividend for a period of ten years. They are redeemable at the issuer's discretion after a ten-year period, and thereafter at each coupon date, with unredeemed shares paying a Euribor-indexed dividend. The issuer has the option of not paying dividends on these preferred shares if no dividends are paid on BNP Paribas SA ordinary shares and no coupons are paid on preferred share equivalents (Undated Super Subordinated Notes) in the previous year. Unpaid dividends are not carried forward.

In January 2003, BNP Paribas Capital Trust VI, a subsidiary under the exclusive control of the Group, made a EUR 700 million issue of undated non-cumulative preferred shares. 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 an Euribor-indexed quarterly dividend.

In 2010 and 2011, USD 500 million and EUR 500 million of undated securities of the same type as those described above were redeemed

In 2003 and 2004, the LaSer-Cofinoga sub-group, which is proportionately consolidated by BNP Paribas made three issues of undated non-voting preferred shares through special purpose entities governed by UK law and exclusively controlled by the LaSer-Cofinoga sub-group. These shares pay a non-cumulative preferred dividend for a ten-year period, at a fixed rate for those issued in 2003 and an indexed rate for the 2004 issue. After this ten-year period, they will be redeemable at par at the issuer's discretion at the end of each quarter on the coupon date, and the dividend payable on the 2003 issue will become Euribor-indexed.

➤ **PREFERRED SHARES ISSUED BY THE GROUP'S FOREIGN SUBSIDIARIES**

Issuer	Date of issue	Currency	Amount *(in million of euros)*	Rate and term before 1st call date		Rate after 1st call date
BNPP Capital Trust IV	January 2002	EUR	660	6.342%	10 years	3-month Euribor + 2.33%
BNPP Capital Trust VI	January 2003	EUR	700	5.868%	10 years	3-month Euribor + 2.48%
Cofinoga Funding I LP	March 2003	EUR	100(1)	6.82%	10 years	3-month Euribor + 3.75%
Cofinoga Funding II LP	January and May 2004	EUR	80(1)	TEC 10(2) + 1.35%	10 years	TEC 10(2) + 1.35%
TOTAL			**1,395(3)**			

(1) Before application of the proportionate consolidation rate.
(2) TEC 10 is the daily long-term government bond index, corresponding to the yield-to-maturity of a fictitious 10-year Treasury note.
(3) Net of shares held in treasury by Group entities and after applying the percentage of the Group's stake in Cofinoga.

The proceeds of these issues are recorded under "Minority interests" in the balance sheet, and the dividends are reported under "Minority interests" in the profit and loss account.

At 31 December 2011, the BNP Paribas Group held EUR 55 million in preferred shares (EUR 58 million at 31 December 2010), deducted from minority interests.

Undated Super Subordinated Notes issued by BNP Paribas SA

Since 2005, BNP Paribas SA has carried out nineteen issues of Undated Super Subordinated Notes representing a total amount of EUR 10,612 million. The notes pay a fixed or floating rate coupon and are redeemable at the end of a fixed period and thereafter at each coupon date. Some of these issues will pay a coupon indexed to Euribor or Libor if the notes are not redeemed at the end of this period.

Fortis Bank France, company absorbed by BNP Paribas SA on 12 May 2010, carried out a EUR 60 million issue during December 2007 of Undated Super Subordinated Notes. This issue offers investors a floating rate of interest. These Undated Super Subordinated Notes were redeemed early on 23 May 2011.

In the fourth quarter of 2011, the following transactions were carried out in relation to undated super subordinated notes:

- a public offer to exchange USD 1,350 million of notes issued in June 2005 for new non-subordinated bonds paying interest at 3-month USD Libor +2.75%. This transaction reduced outstanding debt by USD 280 million, generating a gross gain of EUR 59 million in terms of equity.
- a public offer to buy EUR 750 million of notes issued in April 2006, GBP 325 million of notes issued in July 2006 and EUR 750 million of notes issued in April 2007. This transaction reduced the amounts outstanding on these notes by EUR 201 million, GBP 162 million and EUR 112 million respectively, and generated a gross gain of EUR 135 million in terms of equity.

The table below summarises the characteristics of these various issues:

UNDATED SUPER SUBORDINATED NOTES

Date of issue	Currency	Amount *(in millions of units)*	Coupon payment date	Rate and term before 1st call date		Rate after 1st call date
June 2005	USD	1,070	semi-annual	5.186%	10 years	USD 3-month Libor +1.680%
October 2005	EUR	1,000	annual	4.875%	6 years	4.875%
October 2005	USD	400	annual	6.250%	6 years	6.250%
April 2006	EUR	549	annual	4.730%	10 years	3-month Euribor +1.690%
April 2006	GBP	450	annual	5.945%	10 years	GBP 3-month Libor +1.130%
July 2006	EUR	150	annual	5.450%	20 years	3-month Euribor +1.920%
July 2006	GBP	163	annual	5.945%	10 years	GBP 3-month Libor +1.810%
April 2007	EUR	638	annual	5.019%	10 years	3-month Euribor +1.720%
June 2007	USD	600	quarterly	6.500%	5 years	6.50%
June 2007	USD	1,100	semi-annual	7.195%	30 years	USD 3-month Libor +1.290%
October 2007	GBP	200	annual	7.436%	10 years	GBP 3-month Libor +1.850%
June 2008	EUR	500	annual	7.781%	10 years	3-month Euribor +3.750%
September 2008	EUR	650	annual	8.667%	5 years	3-month Euribor +4.050%
September 2008	EUR	100	annual	7.570%	10 years	3-month Euribor +3.925%
December 2009	EUR	2	quarterly	3-month Euribor + 3.750%	10 years	3-month Euribor +4.750%
December 2009	EUR	17	annual	7.028%	10 years	3-month Euribor +4.750%
December 2009	USD	70	quarterly	USD 3-month Libor + 3.750%	10 years	USD 3-month Libor +4.750%
December 2009	USD	0.5	annual	7.384%	10 years	USD 3-month Libor +4.750%
TOTAL EURO-EQUIVALENT VALUE AT 31 DECEMBER 2011		**7,261**(1)				

(1) Net of shares held in treasury by Group entities.

BNP Paribas has the option of not paying interest due on these Undated Super Subordinated Notes if no dividends were paid on BNP Paribas SA ordinary shares or on Undated Super Subordinated Note equivalents in the previous year. Unpaid interest is not carried forward.

The contracts relating to these Undated Super Subordinated Notes contain a loss absorption clause. Under the terms of this clause, in the event of insufficient regulatory capital – which is not fully offset by a capital increase or any other equivalent measure – the nominal value of the notes may be reduced in order to serve as a new basis for the calculation of the related coupons until the capital deficiency is made up and the nominal value of the notes is increased to its original amount.

However, in the event of the liquidation of BNP Paribas SA, the amount due to the holders of these notes will represent their original nominal value irrespective of whether or not their nominal value has been reduced.

The proceeds from these issues are recorded in equity under "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 2011, 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. 2011	Year to 31 Dec. 2010
Net income used to calculate basic and diluted earnings per ordinary share *(in millions of euros)*(1)	**5,768**	**7,531**
Weighted average number of ordinary shares outstanding during the year	**1,197,356,577**	**1,188,848,011**
Effect of potentially dilutive ordinary shares	2,061,675	2,481,442
Stock subscription plan(2)	706,705	1,668,736
Share award plan(2)	1,324,406	773,515
Stock purchase plan	30,565	39,191
Weighted average number of ordinary shares used to calculate diluted earnings per share	**1,199,418,253**	**1,191,329,452**
Basic earnings per share *(in euros)*	**4.82**	**6.33**
Diluted earnings per share *(in euros)*	**4.81**	**6.32**

(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.

(2) See note 7.c Share-base payment.

The dividend per share paid in 2011 out of 2010 net income amounted to EUR 2.1 compared with EUR 1.5 per share paid in 2010 out of 2009 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						
Retail Banking							
Retail Banking - France							
Banque de Bretagne	France	31/12/2011	Merger				
		31/12/2010		Full		100.00%	100.00%
Banque de Wallis et Futuna(*)	France			Full		50.98%	50.98%
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%
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 Nouvelle-Calédonie(*)	France			Full		100.00%	100.00%
BNP Paribas Réunion(*)	France			Full		100.00%	100.00%
Compagnie pour le Financement des Loisirs - Cofiloisirs	France	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Equity		44.62%	44.62%
		31/12/2009		Equity		33.33%	33.33%
Fimagen Holding SA	France	31/12/2010	Merger				
Fortis Banque France SA	France	31/12/2010	Merger				
Fortis Commercial Finance SAS	France	31/12/2011	Purchase	Full		100.00%	100.00%
Fortis Gestion Privée	France	31/12/2010	Merger				
Fortis Mediacom Finance	France	31/12/2011	Merger				
		31/12/2010	Additional purchase	Full		100.00%	100.00%
		31/12/2009	Purchase	Full		99.99%	74.91%
GIE Services Groupe Fortis France	France	31/12/2010	< thresholds				
GIE Immobilier Groupe Fortis France	France	31/12/2010	< thresholds				
BeLux Retail Banking							
Alpha Card SCRL (group)	Belgium			Equity		50.00%	37.47%
Alsabail	France	31/12/2011	Disposal				
		31/12/2010		Equity		40.68%	21.74%
Banking Funding Company SA	Belgium	31/12/2010	< thresholds				
Banque de La Poste SA	Belgium			Prop.		50.00%	37.47%
Belgolaise SA	Belgium	31/12/2011	New thresholds		4		
		31/12/2010		Equity	1	100.00%	74.93%
BNP Paribas Fortis Factor	Belgium			Full		100.00%	74.94%
BNP Paribas Fortis Funding SA (ex- Fortis Luxembourg Finance SA)	Luxembourg			Full		100.00%	74.93%
Brand & Licence Company SA	Belgium	31/12/2010	< thresholds				
Certifimmo V SA	Belgium	31/12/2010	< thresholds				
Comptoir Agricole de Wallonie	Belgium	31/12/2010	< thresholds				
Credissimo	Belgium	31/12/2010	< thresholds				
Credissimo Hainaut SA	Belgium	31/12/2010	< thresholds				
Crédit pour Habitations Sociales	Belgium	31/12/2011	New thresholds		4		
		31/12/2010		Equity	1	81.66%	61.19%
Demetris NV	Belgium			Equity	1	100.00%	74.93%
Dikodi BV	Netherlands	31/12/2010	< thresholds				
Europay Belgium	Belgium			Equity		39.88%	29.88%
Fortis Banque SA (BNP Paribas Fortis)	Belgium			Full		74.93%	74.93%
Fortis Commercial Finance Deutschland BV	Netherlands	31/12/2011	Purchase	Equity		100.00%	74.93%
Fortis Commercial Finance GMBH	Germany	31/12/2011	Purchase	Equity		100.00%	74.93%
Fortis Commercial Finance Holding NV	Netherlands	31/12/2011	Purchase	Full		100.00%	74.93%
Fortis Commercial Finance Ltd.	UK	31/12/2011	Purchase	Equity		100.00%	74.93%
Fortis Commercial Finance NV	Belgium	31/12/2011	Purchase	Full		100.00%	74.93%
Fortis Finance Belgium S.C.R.L.	Belgium			Full		100.00%	74.93%
FV Holding N.V.	Belgium			Equity		40.00%	29.97%
Het Werkmanshuis NV	Belgium	31/12/2010	< thresholds				
Immobilière Sauvenière SA	Belgium			Equity	1	100.00%	74.93%
Isabel SA	Belgium	31/12/2010	< thresholds				
La Propriété Sociale de Binche-Morlanwelz SA	Belgium	31/12/2010	< thresholds				
Landbouwkantoor van Vlaanderen NV	Belgium	31/12/2010	< thresholds				

Name	Country		Change in the scope of consolidation	Method		Group voting interest (%)	Group ownership interest (%)
Nieuwe Maatschappij Rond Den Heerd NV	Belgium	31/12/2010	< thresholds				
Société Alsacienne de développement et d'expansion	France			Full		100.00%	53.43%
Sowo Investment SA	Belgium	31/12/2010	< thresholds				
Visa Belgium SRCL	Belgium	31/12/2010	< thresholds				
Special Purpose Entities							
BASS Master Issuer NV	Belgium			Full			
Esmée Master Issuer	Belgium			Full			
Park Mountain SME 2007-I BV	Netherlands	31/12/2010	Liquidation				
Retail Banking - Italy (BNL Banca Commerciale)							
Artigiancassa SPA	Italy			Full		73.86%	73.86%
Artigiansoa - Org. Di Attestazione SPA	Italy	31/12/2011	New thresholds		4		
		31/12/2010		Equity	1	80.00%	59.08%
Banca Nazionale del Lavoro SPA	Italy			Full		100.00%	100.00%
BNL Finance SPA	Italy			Full		100.00%	100.00%
BNL Positivity SRL	Italy			Full		51.00%	51.00%
BNP Paribas Personal Finance SPA	Italy			Full		100.00%	100.00%
International Factors Italia SPA - Ifitalia	Italy			Full		99.65%	99.65%
Serfactoring SPA	Italy	31/12/2011	New thresholds		4		
		31/12/2010		Equity		27.00%	26.94%
Special Purpose Entities							
EMF IT-2008-1 SRL	Italy			Full			
UCB Service SRL	Italy	31/12/2011	Merger				
		31/12/2010		Full			
Vela ABS	Italy			Full	2		
Vela Home SRL	Italy			Full			
Vela Mortgages SRL	Italy			Full			
Vela Public Sector SRL	Italy			Full			
Retail Banking - United States of America							
1897 Services Corporation	U.S.A.			Full		100.00%	100.00%
521 South Seventh Street LLC	U.S.A.	31/12/2011		Full		69.23%	69.23%
		31/12/2010	Incorporation	Full		69.23%	69.23%
BancWest Corporation	U.S.A.			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.	31/12/2011		Full		75.90%	63.64%
		31/12/2010	Partial disposal	Full		75.90%	63.64%
		31/12/2009		Full		100.00%	80.45%
Commercial Federal Affordable Housing, Inc.	U.S.A.			Full		100.00%	100.00%
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 Insurance, Inc.	U.S.A.	31/12/2010	Dissolution				
Community Service, Inc.	U.S.A.			Full		100.00%	100.00%
Equity Lending Inc.	U.S.A.			Full		100.00%	100.00%
Essex Credit Corporation	U.S.A.			Full		100.00%	100.00%
FHB Guam Trust Co.	U.S.A.	31/12/2011	Incorporation	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 Hawaïan 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%
FTS Acquisition LLC	U.S.A.	31/12/2011		Full		100.00%	100.00%
		31/12/2010	Incorporation	Full		100.00%	100.00%
Glendale Corporate Center Acquisition LLC	U.S.A.	31/12/2011		Full		50.00%	50.00%
		31/12/2010	Incorporation	Full		50.00%	50.00%
KIC Technology1, Inc.	U.S.A.	31/12/2010	Dissolution				
KIC Technology2, Inc.	U.S.A.	31/12/2010	Dissolution				
KIC Technology3, Inc.	U.S.A.	31/12/2010	Dissolution				
Laveen Village Center Acquisition LLC	U.S.A.	31/12/2011		Full		58.33%	58.33%
		31/12/2010	Incorporation	Full		58.33%	58.33%
Liberty Leasing Company	U.S.A.			Full		100.00%	100.00%
Mountain Falls Acquisition Corporation	U.S.A.			Full		100.00%	100.00%
Real Estate Delivery 2 Inc.	U.S.A.			Full		100.00%	100.00%
Riverwalk Village Three Holdings LLC	U.S.A.	31/12/2011		Full		100.00%	100.00%
		31/12/2010	Incorporation	Full		100.00%	100.00%
Santa Rita Townhomes Acquisition LLC	U.S.A.	31/12/2011		Full		100.00%	100.00%
		31/12/2010	Incorporation	Full		100.00%	100.00%
The Bankers Club, Inc.	U.S.A.			Full		100.00%	100.00%
Ursus Real estate inc	U.S.A.			Full		100.00%	100.00%
Special Purpose Entities							
Beacon Hill	U.S.A.	31/12/2010	Purchase & Disposal				
Commercial Federal Capital Trust 2	U.S.A.			Full			
Commercial Federal Capital Trust 3	U.S.A.	31/12/2011	Dissolution				
		31/12/2010		Full			
C-One Leasing LLC	U.S.A.	31/12/2011	Disposal				
		31/12/2010		Full			
Equipment Lot Bombardier 1997A-FH	U.S.A.	31/12/2011	Passing qualifying thresholds	Full			
Equipment Lot FH	U.S.A.	31/12/2011	Passing qualifying thresholds	Full			
Equipment Lot Siemens 1997A-FH	U.S.A.	31/12/2011	Passing qualifying thresholds	Full			
Equipment Lot Siemens 1998A-FH	U.S.A.	31/12/2011	Passing qualifying thresholds	Full			
First Hawaiian Capital 1	U.S.A.			Full			
LACMTA Rail Statutory Trust (FH1)	U.S.A.	31/12/2011	Passing qualifying thresholds	Full			
Lexington Blue LLC	U.S.A.	31/12/2011	Passing qualifying thresholds	Equity			
MNCRC Equipement Lot	U.S.A.	31/12/2011	Passing qualifying thresholds	Full			
NYCTA Equipement Lot	U.S.A.	31/12/2011	Passing qualifying thresholds	Full			
Southwest Airlines 1993 Trust N363SW	U.S.A.	31/12/2011	Passing qualifying thresholds	Full			
ST 2001 FH-1	U.S.A.	31/12/2011	Passing qualifying thresholds	Full			
SWB 98-1	U.S.A.	31/12/2011	Passing qualifying thresholds	Full			
SWB 99-1	U.S.A.	31/12/2011	Passing qualifying thresholds	Full			
VTA 1998-FH	U.S.A.	31/12/2011	Passing qualifying thresholds	Full			
1997-LRV-FH	U.S.A.	31/12/2011	Passing qualifying thresholds	Full			
1999-FH-1 (SNCF)	U.S.A.	31/12/2011	Passing qualifying thresholds	Full			
1999-FH-2 (SNCF)	U.S.A.	31/12/2011	Passing qualifying thresholds	Full			
BNP Paribas Personal Finance							
Alpha Crédit SA	Belgium			Full		100.00%	74.93%
Axa Banque Financement	France			Equity		35.00%	35.00%
Banco BGN SA	Brazil			Full		100.00%	100.00%
Banco BNP Paribas Personal Finance SA	Portugal			Full		100.00%	100.00%
Banco Cetelem Argentina	Argentina			Full		100.00%	100.00%
Banco Cetelem SA	Spain			Full		100.00%	100.00%
Banco de Servicios Financieros SA	Argentina	31/12/2011	Passing qualifying thresholds	Equity		39.92%	39.92%
BGN Holding Financeira Limitada	Brazil	31/12/2010	Merger				
Bieffe 5 SPA	Italy	31/12/2011	Additional purchase	Full		100.00%	100.00%
		31/12/2010		Full		100.00%	75.00%
BNP Paribas Personal Finance	France			Full		100.00%	100.00%

(*) French subsidiaries whose regulatory supervision falls within the scope of the consolidated Group, in accordance with article 4.1 of CRBF Regulation 2000.03.
(1) Simplified consolidation by the equity method (non-material entities).
(2) Entities excluded from the prudential scope of consolidation.
(3) Entities consolidated under the equity method for prudential purposes.
(4) As of 01/01/2011, the consolidation thresholds have been updates (see Summary of significant accounting policies applied by the Group § 1.b.1).

Name	Country		Change in the scope of consolidation	Method		Group voting interest (%)	Group ownership interest (%)
BNP Paribas Personal Finance EAD	Bulgaria			Full		100.00%	100.00%
BNP Paribas Personal Finance Belgium	Belgium	31/12/2010	Disposal				
BNP Paribas Personal Finance BV	Netherlands			Full		100.00%	100.00%
BNP Paribas Personal Finance SA de CV	Mexico			Full		100.00%	100.00%
Cafineo(*)	France			Full		50.99%	50.78%
Carrefour Banque (ex-Société des Paiement Pass)	France			Equity		39.17%	39.17%
Carrefour Promotora de Vendas e Participaçoes (CPVP) Limitada	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	31/12/2010	Disposal				
Cetelem Bank SA (Palier Laser)	Poland	31/12/2010	Merger				
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 Participaçoes Limitada	Brazil	31/12/2010	Merger				
Cetelem IFN SA	Romania			Full		100.00%	100.00%
Cetelem Latin America Holding Participaçoes Ltda	Brazil	31/12/2010		Full		100.00%	100.00%
Cetelem Processing Services (Shanghai) Ltd.	China	31/12/2010	Disposal				
Cetelem Serviços Limitada	Brazil	31/12/2011	New thresholds		4		
		31/12/2010		Equity	1	100.00%	100.00%
Cetelem Servicios SA de CV	Mexico	31/12/2011	New thresholds		4	100.00%	100.00%
		31/12/2010		Full		100.00%	100.00%
Cetelem Slovensko	Slovakia			Full		100.00%	100.00%
Cetelem Thailande	Thailand	31/12/2011	Disposal				
		31/12/2010		Full		100.00%	100.00%
CMV Médiforce(*)	France			Full		100.00%	100.00%
Cofica Bail(*)	France			Full		100.00%	100.00%
Cofinoga Portugal SGPS	Portugal	31/12/2010	Merger				
Cofiplan(*)	France			Full		99.99%	99.99%
Commerz Finanz GmbH	Germany			Full		50.10%	50.10%
Cosimo	France	31/12/2011	Passing qualifying thresholds	Full		100.00%	100.00%
Credifin Banco SA	Portugal	31/12/2010	Merger				
Credirama SPA	Italy	31/12/2011	Additional purchase & new thresholds	Equity	4	51.00%	51.00%
		31/12/2010		Full		51.00%	38.25%
Credisson Holding Ltd.	Cyprus			Full		100.00%	100.00%
Crédit Moderne Antilles Guyane(*)	France			Full		100.00%	100.00%
Crédit Moderne Océan Indien(*)	France			Full		97.81%	97.81%
Direct Services	Bulgaria			Full		100.00%	100.00%
Domofinance SA(*)	France			Full		55.00%	55.00%
Effico	France			Full		99.96%	99.96%
Effico Iberia	Spain			Full		100.00%	100.00%
Effico Portugal	Portugal			Equity	1	100.00%	100.00%
Eos Aremas Belgium SA	Belgium			Equity		49.97%	37.44%
Eurocredito	Spain			Full		100.00%	100.00%
Facet(*)	France			Full		100.00%	100.00%
Fideicomiso Financiero Cetelem 1	Argentina	31/12/2010	Liquidation				
Fidem(*)	France			Full		51.00%	51.00%
Fimestic Expansion SA	Spain			Full		100.00%	100.00%
Finalia	Belgium			Full		51.00%	38.22%
Findomestic Banca SPA	Italy	31/12/2011	Additional purchase	Full		100.00%	100.00%
		31/12/2010		Full		75.00%	75.00%
Findomestic Banka a.d	Serbia	31/12/2011	Additional purchase	Full		100.00%	100.00%
		31/12/2010		Full		100.00%	75.00%
Geneve Credit & Leasing SA	Switzerland	30/06/2011	New thresholds		4		
		31/12/2010	Passing qualifying thresholds	Prop.		51.00%	38.22%
Gesellschaft fur Capital & Vermogensv. GmbH	Germany	31/12/2010	< thresholds				
Inkasso Kodat GmbH & Co. KG	Germany	31/12/2010	< thresholds				
KBC Pinto Systems	Belgium	31/12/2010	Disposal				
LaSer - Cofinoga (Group)	France			Prop.		50.00%	50.00%
Loisirs Finance(*)	France			Full		51.00%	51.00%
Magyar Cetelem Bank Zrt.	Hungary			Full		100.00%	100.00%
Merkur Beteiligungs und Verwaltungsgesellschaft mit Beschränkter Haftung	Germany	31/12/2010	< thresholds				
Monabanq	France	31/12/2010	Disposal				

Name	Country		Change in the scope of consolidation	Method		Group voting interest (%)	Group ownership interest (%)
Natixis Financement	France			Equity		33.00%	33.00%
Nissan Finance Belgium NV	Belgium	31/12/2011		Full		100.00%	77.32%
		31/12/2010	Additional purchase	Full		100.00%	77.32%
		31/12/2009	Purchase	Full		100.00%	69.55%
Norrsken Finance(*)	France			Full		51.00%	51.00%
Prestacomer SA de CV	Mexico			Full		100.00%	100.00%
Prêts et Services SAS(*)	France			Full		100.00%	100.00%
Projeo(*)	France			Full		51.00%	51.00%
Servicios Financieros Carrefour EFC	Spain			Equity		37.28%	39.94%
Submarino Finance Promotora de Credito Limitada	Brazil			Prop.		50.00%	50.00%
Sundaram Home Finance Ltd.	India	31/12/2011	New thresholds	Equity	4	49.90%	49.90%
		31/12/2010		Prop.		49.90%	49.90%
TEB Tuketici Finansman AS	Turkey	31/12/2011	Additional purchase	Full		92.79%	90.99%
		31/12/2010	Additional purchase	Full		90.00%	87.49%
		31/12/2009		Prop.		50.00%	50.00%
UCB Ingatlanhitel RT	Hungary			Full		100.00%	100.00%
UCB Suisse	Switzerland			Full		100.00%	100.00%
Union de Creditos Inmobiliarios - UCI (Group)	Spain			Prop.		50.00%	50.00%
Von Essen GmbH & Co. KG Bankgesellschaft	Germany			Full		100.00%	74.93%
Debt Investment Funds							
Domos 2011 - A et B	France	31/12/2011	Incorporation	Full			
FCC Retail ABS Finance - Noria 2005	France	31/12/2010	Dissolution				
FCC Retail ABS Finance - Noria 2008	France			Full			
FCC Retail ABS Finance - Noria 2009	France			Full			
FCC Domos 2008	France			Full			
FCC Master Domos	France			Full			
FCC Master Domos 5	France	31/12/2011	Liquidation				
		31/12/2010		Full			
FCC U.C.I 5 -18	Spain			Prop.			
FCC U.C.I 19	Spain	31/12/2011	Liquidation				
		31/12/2010		Prop.			
Fundo de Investimento EM Direitos Creditorios BGN Life	Brazil			Full			
Fundo de Investimento EM Direitos Creditorios BGN Premium	Brazil			Full			
Phedina Hypotheken 2010 BV	Netherlands	31/12/2011		Full			
		31/12/2010	Incorporation	Full			
Phedina Hypotheken 2011-I BV	France	31/12/2011	Incorporation	Full			
Viola Finanza SRL	Italy			Full			
Equipment Solutions							
Ace Equipment Leasing	Belgium	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Ace Leasing	Belgium	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Ace Leasing BV	Netherlands	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
AFL Lease BV	Netherlands	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Agrilease BV	Netherlands	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Albury Asset Rentals Ltd.	UK	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	100.00%
All In One Vermietungsgesellschaft für Telekommunicationsanlagen mbH.	Germany	31/12/2011	New thresholds	Equity	4	100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
All In One Vermietung GmbH	Austria	31/12/2011	New thresholds	Equity	4	100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
Allstar Business Solutions Ltd.	UK	31/12/2011	Disposal				
		31/12/2010		Full		100.00%	100.00%

Name	Country		Change in the scope of consolidation	Method		Group voting interest (%)	Group ownership interest (%)
Antin Bail 2 (ex- Antin Bail)(*)	France	31/12/2011	New thresholds		4		
		31/12/2010		Full		100.00%	100.00%
Aprolis Finance	France	31/12/2011		Full		51.00%	43.08%
		31/12/2010	Partial disposal	Full		51.00%	43.08%
		31/12/2009		Full		51.00%	51.00%
Arius SA	France	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
Artegy Ltd.	UK	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
Artegy SAS	France	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
Arval Austria GmbH	Austria			Full		100.00%	100.00%
Arval Belgium SA	Belgium			Full		100.00%	100.00%
Arval Benelux BV	Netherlands			Full		100.00%	100.00%
Arval Brasil Limitada	Brazil			Full		100.00%	100.00%
Arval Business Services Ltd.	UK			Full		100.00%	100.00%
Arval BV	Netherlands			Full		100.00%	100.00%
Arval Deutschland GmbH	Germany			Full		100.00%	100.00%
Arval ECL SAS	France			Full		100.00%	100.00%
Arval Hellas Car Rental SA	Greece			Equity	1	100.00%	100.00%
Arval Holding	France	31/12/2010	Merger				
Arval India Private Ltd.	India			Equity	1	100.00%	100.00%
Arval Ltd.	UK			Full		100.00%	100.00%
Arval Luxembourg	Luxembourg			Full		100.00%	100.00%
Arval Magyarorszag	Hungary	31/12/2011	Passing qualifying thresholds	Equity	1	100.00%	100.00%
Arval Maroc	Morocco			Full		100.00%	88.91%
Arval NV	Belgium			Full		100.00%	100.00%
Arval PHH Holdings Ltd.	UK			Full		100.00%	100.00%
Arval PHH Holdings UK Ltd.	UK			Full		100.00%	100.00%
Arval PHH Service Lease CZ	Czech Republic			Full		100.00%	100.00%
Arval OOO	Russia			Full		100.00%	100.00%
Arval Schweiz AG	Switzerland			Full		100.00%	100.00%
Arval Service Gmbh	Germany	31/12/2011	Purchase	Full		100.00%	100.00%
Arval Service Lease	France			Full		100.00%	100.00%
Arval Service Lease Aluger Operational Automoveis	Portugal			Full		100.00%	100.00%
Arval Service Lease Italia S. p. A.	Italy			Full		100.00%	100.00%
Arval Service Lease Polska sp. z o. o.	Poland			Full		100.00%	100.00%
Arval Service Lease Romania SRL	Romania			Equity	1	100.00%	100.00%
Arval Service Lease SA	Spain			Full		99.99%	99.99%
Arval Slovakia	Slovakia			Full		100.00%	100.00%
Arval Trading	France			Full		100.00%	100.00%
Arval UK Group Ltd.	UK			Full		100.00%	100.00%
Arval UK Ltd.	UK			Full		100.00%	100.00%
Autovalley	France	31/12/2011		Equity	1	100.00%	100.00%
		31/12/2010	Passing qualifying thresholds	Equity	1	100.00%	100.00%
Barloworld Heftruck BV	Netherlands	31/12/2011		Equity		50.00%	42.24%
		31/12/2010	Partial disposal	Equity		50.00%	42.24%
		31/12/2009		Equity		50.00%	50.00%
BNP Paribas Finansal Kiralama AS (ex- Fortis Finansal Kiralama AS)	Turkey	31/12/2011	Dilution	Full		100.00%	83.23%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
BNP Paribas Fleet Holdings Ltd.	UK			Full		100.00%	100.00%
BNP Paribas Lease Group(*)	France	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
BNP Paribas Lease Group (Rentals) Ltd.	UK	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
BNP Paribas Lease Group BV	Netherlands	31/12/2011	Merger				
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
BNP Paribas Lease Group GmbH & Co KG	Austria	31/12/2011	New thresholds		4		
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%

Name	Country		Change in the scope of consolidation	Method		Group voting interest (%)	Group ownership interest (%)
BNP Paribas Lease Group IFN	Romania	31/12/2011	Passing qualifying thresholds	Equity	1	100.00%	84.49%
BNP Paribas Lease Group KFT	Hungary	31/12/2011	New thresholds	Equity	4	100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
BNP Paribas Lease Group Leasing Solutions SpA (ex-BNP Paribas Lease Group SPA)	Italy	31/12/2011		Full		100.00%	95.94%
		31/12/2010	Partial disposal	Full		100.00%	95.94%
		31/12/2009		Full		100.00%	100.00%
BNP Paribas Lease Group Lizing RT (ex-BNP Paribas Lease Group RT)	Hungary	31/12/2011	New thresholds	Equity	4	100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
BNP Paribas Lease Group Luxembourg SA (ex- Fortis Lease Luxembourg)	Luxembourg	31/12/201		Full		100.00%	84.47%
		31/12/2010	Additional purchase	Full		100.00%	84.47%
		31/12/2009	Purchase	Full		100.00%	53.43%
BNP Paribas Lease Group Netherlands BV	Netherlands	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
BNP Paribas Lease Group Polska SP z.o.o	Poland	31/12/2011	New thresholds	Equity	4	100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
BNP Paribas Lease Group PLC	UK	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
BNP Paribas Lease Group SA Belgium	Belgium	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
BNP Paribas Leasing Solutions (ex-Fortis Lease Group SA)	Luxembourg	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
BNP Paribas Leasing Solutions NV (ex- Fortis Lease Nederland NV)	Netherlands	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
BNP Paribas Leasing Solutions Suisse SA (ex-Fortis Lease Suisse)	Switzerland	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
CA Motor Finance Ltd.	UK	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Captive Finance Ltd.	Hong-Kong	31/12/2010	< thresholds				
Captive Finance Taiwan Co. Ltd.	Taiwan	31/12/2010	< thresholds				
Claas Financial Services(*)	France	31/12/2011		Full		60.11%	50.78%
		31/12/2010	Partial disposal	Full		60.11%	50.78%
		31/12/2009		Full		60.11%	60.11%
Claas Financial Services Inc.	U.S.A.	31/12/2011		Full		100.00%	50.78%
		31/12/2010	Partial disposal	Full		100.00%	50.78%
		31/12/2009		Full		100.00%	60.11%
Claas Financial Services Ltd.	UK	31/12/2011		Full		51.00%	43.08%
		31/12/2010	Partial disposal	Full		51.00%	43.08%
		31/12/2009		Full		51.00%	51.00%
CNH Capital Europe(*)	France	31/12/2011		Full		50.10%	42.32%
		31/12/2010	Partial disposal	Full		50.10%	42.32%
		31/12/2009		Full		50.10%	50.10%
CNH Capital Europe BV	Netherlands	31/12/2011		Full		100.00%	42.32%
		31/12/2010	Passing qualifying thresholds	Full		100.00%	42.32%
CNH Capital Europe GmbH	Austria	31/12/2011		Full		100.00%	42.32%
		31/12/2010	Partial disposal	Full		100.00%	42.32%
		31/12/2009	Passing qualifying thresholds	Full		100.00%	50.10%
CNH Capital Europe Ltd.	UK	31/12/2011		Full		100.00%	42.32%
		31/12/2010	Partial disposal	Full		100.00%	42.32%
		31/12/2009		Full		100.00%	50.10%
Cofiparc SNC	France			Full		100.00%	100.00%
Commercial Vehicle Finance Ltd.	UK	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
Dexia Location Longue Durée	France			Equity	1	51.00%	51.00%
Dialcard Fleet Services Ltd.	UK	31/12/2011	Dissolution				
		31/12/2010		Full		100.00%	100.00%

(*) French subsidiaries whose regulatory supervision falls within the scope of the consolidated Group, in accordance with article 4.1 of CRBF Regulation 2000.03.
(1) Simplified consolidation by the equity method (non-material entities).
(2) Entities excluded from the prudential scope of consolidation.
(3) Entities consolidated under the equity method for prudential purposes.
(4) As of 01/01/2011, the consolidation thresholds have been updates (see Summary of significant accounting policies applied by the Group § 1.b.1).

Name	Country		Change in the scope of consolidation	Method		Group voting interest (%)	Group ownership interest (%)
Diamond Finance UK Ltd.	UK	31/12/2011	Liquidation				
		31/12/2010	Partial disposal	Full		60.00%	50.69%
		31/12/2009		Full		60.00%	60.00%
Dreieck One Ltd.	Cayman Islands	31/12/2010	Dissolution				
Elfa Auto	Luxembourg	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	84.16%
		31/12/2009	Purchase	Full		100.00%	53.43%
Equipment Lease BV	Netherlands	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
ES-Finance	Belgium	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Euro-Scribe SAS	France	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Prop.		50.00%	42.24%
		31/12/2009	Purchase	Equity		50.00%	26.71%
F.L. Zeebrugge	Belgium	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		75.00%	63.36%
		31/12/2009	Purchase	Full		75.00%	40.07%
Folea Grundstucksverwaltungs und Vermietungs GmbH & Co. Objekt Burtenbach KG	Germany	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		85.00%	7.64%
		31/12/2009	Purchase	Full		90.00%	3.21%
Folea Grundstucksverwaltungs und Vermietungs GmbH & Co. Objekt Leverkusen KG	Germany	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Equity	1	85.00%	7.64%
		31/12/2009	Purchase	Full		90.00%	3.21%
Folea Grundstucksverwaltungs und Vermietungs GmbH & Co. Objekt Thalfingen	Germany	31/12/2010	< thresholds				
Folea Verwaltungs GmbH	Germany	31/12/2010	< thresholds				
Folea II Verwaltungs GmbH	Germany	31/12/2010	< thresholds				
Folea III Verwaltungs GmbH	Germany	31/12/2010	< thresholds				
Fortis Energy Leasing X1	Netherlands	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Energy Leasing X2	Netherlands	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Energy Leasing X3 BV	Netherlands	31/12/2011	Disposal				
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Energy Leasing XIV BV	Netherlands	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Lease	Belgium	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Lease (China) Co Ltd.	China	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Lease (France)[*]	France	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Lease (Malaysia) Sdn. Bhd	Malaysia	31/12/2010	< thresholds				
Fortis Lease Car & Truck	Belgium	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Lease Czech	Czech Republic	31/12/2011	Disposal				
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Lease Danmark AS	Denmark	31/12/2010	< thresholds				
Fortis Lease Deutschland AG	Germany	31/12/2011	New thresholds	Equity	4	100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Lease Group Services	Belgium	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Lease Holding Norge AS	Norway	31/12/2010	< thresholds				
Fortis Lease Holdings UK Ltd.	UK	31/12/2010	< thresholds				
Fortis Lease Hong Kong Ltd.	Hong-Kong	31/12/2010	< thresholds				
Fortis Lease Hungaria Equipment Financing Financial Leasing Company	Hungary	31/12/2011		Equity	1	100.00%	84.48%
		31/12/2010	Additional purchase	Equity	1	100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Lease Hungaria Real estate	Hungary	31/12/2010	< thresholds				
Fortis Lease Hungaria Vehicle Financing Financial Leasing Company	Hungary	31/12/2011		Equity	1	100.00%	84.48%
		31/12/2010	Additional purchase	Equity	1	100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Lease Iberia	Spain	31/12/2011	New thresholds	Equity	4	100.00%	82.44%
		31/12/2010	Additional purchase	Full		100.00%	82.44%
		31/12/2009	Purchase	Full		100.00%	58.01%
Fortis Lease Immobilier Suisse	Switzerland	31/12/2011	New thresholds	Equity	4	100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Lease Norge AS	Norway	31/12/2010	Disposal				
Fortis Lease Operativ Lizing Zartkoruen Mukodo Reszvenytarsasag	Hungary	31/12/2011		Equity	1	100.00%	84.48%
		31/12/2010	Additional purchase	Equity	1	100.00%	84.48%
		31/12/2009	Purchase	Full	1	100.00%	53.43%
Fortis Lease Polska Sp.z.o.o.	Poland	31/12/2011	Partial disposal	Full		100.00%	74.84%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Lease Portugal	Portugal	31/12/2011	New thresholds	Equity	4	100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Lease Romania IFN SA	Romania	31/12/2011	New thresholds	Equity	4	100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Lease S.p.A.	Italy	31/12/2011	Merger				
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Lease Singapore Pte Ltd.	Singapore	31/12/2010	< thresholds				
Fortis Lease Sweden AB	Sweden	31/12/2010	Disposal				
Fortis Lease UK Ltd.	UK	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Lease UK[1] Ltd.	UK	31/12/2011	New thresholds	Equity	4	100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Lease UK[2] Ltd.	UK	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Lease UK[3] Ltd.	UK	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Lease UK[4] Ltd.	UK	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Lease UK[5] Ltd.	UK	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		90.00%	76.03%
		31/12/2009	Purchase	Full		90.00%	48.09%
Fortis Lease UK Retail Ltd.	UK	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Fortis Vastgoedlease BV	Netherlands	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Friedland Participation etGestion	France	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Gestion et Location Holding	France			Full		100.00%	100.00%
Global Management Services	Romania	31/12/2010	< thresholds				
Greenval Insurance Company Ltd.	Ireland			Full	3	100.00%	100.00%

Name	Country		Change in the scope of consolidation	Method		Group voting interest (%)	Group ownership interest (%)
H.F.G.L Ltd.	UK	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
Harpur UK Ltd.	UK	31/12/2010	Dissolution				
Humberclyde Commercial Investments Ltd.	UK	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
Humberclyde Commercial Investments N° 1 Ltd.	UK	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
Humberclyde Commercial Investments N° 4 Ltd.	UK	31/12/2011	Liquidation				
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
Humberclyde Finance Ltd.	UK	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
Humberclyde Industrial Finance Ltd.	UK	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
Humberclyde Investments Ltd.	UK	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
JCB Finance(*)	France	31/12/2011		Full		100.00%	42.32%
		31/12/2010	Partial disposal	Full		100.00%	42.32%
		31/12/2009		Full		100.00%	50.10%
JCB Finance Holdings Ltd.	UK	31/12/2011		Full		50.10%	42.32%
		31/12/2010	Partial disposal	Full		50.10%	42.32%
		31/12/2009		Full		50.10%	50.10%
Kota Jaya Ltd.	Hong-Kong	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Kota Juta Ltd.	Hong-Kong	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
Locatrice Italiana SPA	Italy	31/12/2011	New thresholds	Equity	4	100.00%	95.94%
		31/12/2010	Partial disposal	Full		100.00%	95.94%
		31/12/2009		Full		100.00%	100.00%
Manitou Finance Ltd.	UK	31/12/2011		Full		51.00%	43.08%
		31/12/2010	Partial disposal	Full		51.00%	43.08%
		31/12/2009		Full		51.00%	51.00%
Marie Lease SARL	Luxembourg	31/12/2010	< thresholds				
MFF SAS(*)	France	31/12/2011		Full		51.00%	43.08%
		31/12/2010	Partial disposal	Full		51.00%	43.08%
		31/12/2009		Full		51.00%	51.00%
Natiobail 2	France	31/12/2011	New thresholds		4		
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
Natiocrédibail(*)	France	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
Natiocrédimurs(*)	France	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
Natioénergie(*)	France	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
Otis Vehicle Rentals Ltd.	UK	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Equity		40.00%	33.79%
		31/12/2009	Purchase	Equity		40.00%	21.37%
Paricomi 2 (ex-Paricomi)	France			Full		100.00%	100.00%
PHH Financial services Ltd.	UK			Full		100.00%	100.00%
PHH Investment Services Ltd.	UK	31/12/2011	Dissolution				
		31/12/2010		Full		100.00%	100.00%
PHH Treasury Services Ltd.	UK	31/12/2011	Dissolution				
		31/12/2010		Full		100.00%	100.00%
Same Deutz Fahr Finance Ltd.	UK	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
Same Deutz-Fahr Finance(*)	France	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
SCI Champvernier	France	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
SCI FLIF Azur	France	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
SCI FLIF Château Landon	France	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
SCI FLIF Evry 2	France	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
SCI FLIF Le Gallo	France	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	84.48%
		31/12/2009	Purchase	Full		100.00%	53.43%
SCI FLIF Le Port	France	31/12/2010	Dissolution				
SCI FLIF Sainte Marie	France	31/12/2010	Dissolution				
SREI Equipement Finance Private Ltd.	India	31/12/2011		Prop.		50.00%	42.24%
		31/12/2010	Partial disposal	Prop.		50.00%	42.24%
		31/12/2009		Prop.		50.00%	50.00%
TEB Arval Arac Filo Kiralama	Turkey	31/12/2011		Full		75.00%	68.73%
		31/12/2010	Partial disposal	Full		75.00%	68.73%
		31/12/2009		Full		75.00%	75.00%
TEB Finansal Kiralama	Turkey	31/12/2011	Merger				
		31/12/2010	Additional purchase	Full		98.43%	79.19%
		31/12/2009		Prop.		42.10%	50.00%
UFB Asset Finance Ltd.	UK	31/12/2011		Full		100.00%	84.48%
		31/12/2010	Partial disposal	Full		100.00%	84.48%
		31/12/2009		Full		100.00%	100.00%
Ukrainian Leasing Company	Ukraine	31/12/2011	New thresholds	Equity	4	100.00%	100.00%
		31/12/2010	Additional purchase	Full		100.00%	100.00%
		31/12/2009		Full		100.00%	81.42%
United Care (Cheshire) Ltd.	UK	31/12/2010	Dissolution				
United Care Group Ltd.	UK	31/12/2010	Dissolution				
Special Purpose Entities							
Royale Neuve I Sarl	Luxembourg			Full			
Vela Lease SRL	Italy			Full			
Europe Mediterranean							
3D Güvenlik Sistemleri ve Org Tic. AS	Turkey	31/12/2010	Dissolution				
Banque de Nankin	China			Equity		12.68%	12.68%
Banque du Sahara LSC	Libya	31/12/2011	Loss of significant influence				
		31/12/2010	Loss of control	Equity		19.00%	19.00%
		31/12/2009		Full		19.00%	19.00%
Banque Internationale du Commerce et de l'Industrie Burkina Faso	Burkina Faso			Full		51.00%	51.00%
Banque Internationale du Commerce et de l'Industrie Cote d'Ivoire	Ivory Coast			Full		59.79%	59.79%
Banque Internationale du Commerce et de l'Industrie Gabon	Gabon			Equity		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'Ocean Indien	Madagascar	31/12/2011	Disposal				
		31/12/2010		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 Assurance	Morocco	31/12/2011	Passing qualifying thresholds	Equity	1	100.00%	66.74%

(*) 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) Entities excluded from the prudential scope of consolidation.
(3) Entities consolidated under the equity method for prudential purposes.
(4) As of 01/01/2011, the consolidation thresholds have been updates (see Summary of significant accounting policies applied by the Group § 1.b.1).

Name	Country	Change in the scope of consolidation		Method		Group voting interest (%)	Group ownership interest (%)
Banque Marocaine du Commerce et de l'Industrie Crédit Conso	Morocco	31/12/2011	Merger				
		31/12/2010		Full		100.00%	79.74%
Banque Marocaine du Commerce et de l'Industrie Crédit Conso (ex- Cetelem Maroc)	Morocco	31/12/2011	Dilution	Full		99.86%	66.65%
		31/12/2010		Full		99.86%	93.27%
Banque Marocaine du Commerce et de l'Industrie Gestion	Morocco			Equity	1	100.00%	66.74%
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 Bank Polska SA (ex-Fortis Bank Polska SA)	Poland			Full		99.87%	74.84%
BNP Paribas BDDI Participations	France			Full		100.00%	100.00%
BNP Paribas El Djazair	Algeria			Full		100.00%	100.00%
BNP Paribas Fortis Yatirimlar Holding AS	Turkey	31/12/2011		Full		100.00%	74.93%
		31/12/2010	Incorporation	Full		100.00%	74.93%
BNP Paribas Mauritanie	Mauritania	31/12/2010	Disposal				
BNP Paribas SAE	Egypt			Full		95.19%	95.19%
BNP Paribas Vostok LLC	Russia			Full		100.00%	100.00%
BNP Paribas Yatirimlar Holding Anonim Sirketi	Turkey	31/12/2011	Incorporation	Full		100.00%	100.00%
Dominet Finanse SA	Poland	31/12/2010	Disposal				
Dominet SA	Poland			Full		100.00%	74.93%
Dominet SPV-II Sp z.o.o.	Poland	31/12/2010	< thresholds				
Fortis Bank Anonim Sirketi	Turkey	31/12/2011	Merger				
		31/12/2010		Full		94.11%	70.52%
Fortis Bank Malta Ltd.	Malta	31/12/2011	New thresholds	Equity	4	100.00%	74.93%
		31/12/2010		Full		100.00%	74.93%
Fortis Faktoring AS	Turkey	31/12/2011	Purchase	Equity	1	100.00%	74.93%
Fortis Holding Malta BV	Netherlands			Full		100.00%	74.93%
Fortis Holding Malta Ltd.	Malta			Full		100.00%	74.93%
Fortis Private Investment Polska	Poland	31/12/2010	< thresholds				
Fortis Portfoy Yonetimi AS	Turkey	31/12/2011	Merger				
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
Fortis Yatirim Menkul Degerler AS	Turkey	31/12/2011	Merger				
		31/12/2010		Equity	1	100.00%	70.52%
IC Axa Insurance	Ukraine	31/12/2011		Equity	1	49.68%	49.68%
		31/12/2010	Additional purchase	Equity	1	49.67%	49.68%
		31/12/2009		Equity	1	49.67%	40.44%
IC Axa Ukraine	Ukraine	31/12/2011		Equity	1	50.00%	50.00%
		31/12/2010	Additional purchase	Equity	1	50.00%	50.00%
		31/12/2009		Equity	1	50.00%	40.71%
K-Kollect LLC	Ukraine	31/12/2011	Incorporation	Full		100.00%	100.00%
Orient Commercial Bank	Vietnam	31/12/2011	Additional purchase	Equity		20.00%	20.00%
		31/12/2010		Equity		15.00%	15.00%
TEB Holding AS (ex-TEB Mali Yatirimlar AS) (Group)	Turkey	31/12/2011		Prop.		50.00%	37.47%
		31/12/2010	Partial disposal	Prop.		50.00%	37.47%
		31/12/2009		Prop.		50.00%	50.00%
Ukrsib Asset Management	Ukraine	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Equity	1	99.94%	99.94%
		31/12/2009		Equity	1	99.94%	81.37%
Ukrsib Asset Management PI Fund	Ukraine	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Equity	1	100.00%	99.99%
		31/12/2009		Equity	1	99.94%	81.37%
UkrSibbank	Ukraine	31/12/2011		Full		100.00%	100.00%
		31/12/2010	Additional purchase	Full		99.99%	99.99%
		31/12/2009		Full		81.42%	81.42%
Union Bancaire pour le Commerce et l'Industrie	Tunisia			Full		50.00%	50.00%
Union Bancaire pour le Commerce et l'Industrie Leasing	Tunisia	31/12/2010	Merger				
Investment Solutions							
BGL BNP Paribas (ex- BGL)	Luxembourg			Full		65.96%	53.43%
BNP Paribas Luxembourg SA	Luxembourg	31/12/2010	Merger				
BNP Paribas Suisse SA	Switzerland			Full		99.99%	99.99%
Cofhylux SA	Luxembourg			Full		100.00%	53.43%

Name	Country	Change in the scope of consolidation		Method		Group voting interest (%)	Group ownership interest (%)
Immoparibas Royale-Neuve SA	Luxembourg	31/12/2011	New thresholds		4		
		31/12/2010	Reconsolidation	Full		100.00%	53.43%
IMS ABS FCP	France	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	100.00%
		31/12/2009	Passing qualifying thresholds	Full		80.74%	80.74%
Insurance							
6 Square Foch SCI	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
8-10 place du Commerce SCI	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
14 rue Vivienne SCI	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
100 rue Lauriston SCI	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
104-106 rue Cambronne SCI	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
AG Insurance-Groupe	Belgium			Equity		25.00%	18.73%
Alpha Park SCI	France	31/12/2011	New thresholds		4		
		31/12/2010		Prop.	3	50.00%	50.00%
Antin Epargne Pension	France	31/12/2011	Merger				
		31/12/2010	Purchase	Full	3	100.00%	100.00%
Asnières 1 SCI	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
Assu-Vie SA	France	31/12/2011	New thresholds		4		
		31/12/2010		Equity	1	50.00%	50.00%
Beausejour SCI	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
BNL Vita SPA	Italy	31/12/2011	Additional purchase	Full	3	100.00%	100.00%
		31/12/2010		Equity		49.00%	49.00%
BNP Paribas Assurance BV	Netherlands			Full	3	100.00%	100.00%
BNP Paribas Assurance TCB Life Insurance Company Ltd	Taiwan	31/12/2011		Equity		49.00%	49.00%
		31/12/2010	Passing qualifying thresholds	Equity		49.00%	49.00%
BNP Paribas Cardif (ex-BNP Paribas Assurance)	France			Full	3	100.00%	100.00%
BNP Paribas Cardif Emeklilik Anonim Sirketi (ex-Fortis Emeklilik ve Hayat A.S)	Turkey	31/12/2011	New thresholds	Equity	4	100.00%	100.00%
		31/12/2010	Purchase	Full		100.00%	100.00%
BNP Paribas Pierre 2 SCI	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
Bobigny Jean Rostand SCI	France	31/12/2011	New thresholds		4		
		31/12/2010	Incorporation	Full	3	100.00%	100.00%
Boulevard Malesherbes SCI	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
Boulogne Centre SCI	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
Capital France Hotel SCA	France	31/12/2011	New thresholds		4		
		31/12/2010		Prop.	3	61.04%	60.14%
Cardif Assicurazioni SPA	Italy			Full	3	100.00%	100.00%
Cardif Assurances Risques Divers	France			Full	3	100.00%	100.00%
Cardif Assurance Vie	France			Full	3	100.00%	100.00%
Cardif Biztosito Magyarorszag Zrt	Hungary			Equity	1	100.00%	100.00%
Cardif Colombia Seguros Generales	Colombia			Equity	1	100.00%	100.00%
Cardif del Peru Sa Compania de Seguros	Perou			Equity	1	100.00%	100.00%
Cardif do Brasil Vida e Previdencia SA	Brazil			Full	3	100.00%	100.00%
Cardif do Brasil Seguros e Garantias	Brazil	31/12/2011		Full	3	100.00%	100.00%
		31/12/2010	Passing qualifying thresholds	Full	3	100.00%	100.00%
		31/12/2009		Equity	1	100.00%	100.00%
Cardif Forsakring AB	Sweden			Equity	1	100.00%	100.00%
Cardif Hayat Sigorta Anonim Sirketi	Turkey	31/12/2011	New thresholds	Equity	4	100.00%	100.00%
		31/12/2010	Passing qualifying thresholds	Full		100.00%	100.00%
Cardif Holdings Inc.	U.S.A.			Full	3	100.00%	100.00%
Cardif Insurance Company	Russia			Equity	1	100.00%	100.00%
Cardif I-Services (ex-Cardif Retraite Assurance Vie)	France	31/12/2011	New thresholds	Equity	4	100.00%	100.00%
		31/12/2010		Full	3	100.00%	100.00%
Cardif Leven	Belgium			Full	3	100.00%	100.00%
Cardif Levensverzekeringen NV	Netherlands			Full	3	100.00%	100.00%
Cardif Life Insurance Company	U.S.A.	31/12/2011	Disposal				
		31/12/2010		Full	3	100.00%	99.60%
Cardif Life Insurance Co. Ltd.	South Korea			Full	3	85.00%	85.00%
Cardif Lux Vie (ex-Cardif Lux International)	Luxembourg	31/12/2011	Dilution	Full	3	66.67%	51.14%
		31/12/2010		Full	3	100.00%	100.00%

Name	Country	Change in the scope of consolidation		Method		Group voting interest (%)	Group ownership interest (%)
Cardif Mexico Seguros de Vida SA de CV	Mexico			Equity	1	100.00%	100.00%
Cardif Mexico Seguros Generales SA de CV	Mexico			Equity	1	100.00%	100.00%
Cardif Nordic AB	Sweden			Full	3	100.00%	100.00%
Cardif Pinnacle Insurance Holdings PLC	UK			Full	3	100.00%	100.00%
Cardif Pinnacle Insurance Management Services PLC	UK			Full	3	100.00%	100.00%
Cardif Polska Towarzystwo Ubezpieczen na Zycie SA	Poland			Full	3	100.00%	100.00%
Cardif Schadeverzekeringen NV	Netherlands			Full	3	100.00%	100.00%
Cardif Seguros SA	Argentina			Full	3	100.00%	100.00%
Cardivida Correduria de Seguros SRL	Spain	31/12/2011	New thresholds		4		
		31/12/2010		Equity	1	100.00%	100.00%
Carma Grand Horizon SARL	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
CB (UK) Ltd. (Fonds C)	UK			Full	3	100.00%	100.00%
CentroVita Assicurazioni SPA	Italy	31/12/2010	Disposal				
CJS Insurance Company Cardif	Ukraine	31/12/2011	New thresholds		4		
		31/12/2010		Equity	1	100.00%	100.00%
Compania de Seguros Generales Cardif SA	Chile			Full	3	100.00%	100.00%
Compania de Seguros de Vida Cardif SA	Chile			Full	3	100.00%	100.00%
Corosa SCI	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
Darnell Ltd.	Ireland			Full	3	100.00%	100.00%
Direct Life & Pensions Services Ltd.	UK	31/12/2011	New thresholds		4		
		31/12/2010		Equity	1	100.00%	100.00%
Etoile SCI	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
European Reinsurance Ltd.	UK	31/12/2011	New thresholds		4		
		31/12/2010		Equity	1	100.00%	100.00%
F & B Insurance Holdings SA (Group)	Belgium			Equity		50.00%	50.00%
Financial Telemarketing Services Ltd.	UK			Equity	1	100.00%	100.00%
Fonds d'Investissements Immobiliers pour le Commerce et la Distribution - Fondis	France	31/12/2011	New thresholds		4		
		31/12/2010		Prop.	3	25.00%	25.00%
Fortis Epargne Retraite	France	31/12/2010	Merger				
Fortis Luxembourg - Vie SA	Luxembourg	31/12/2011	Merger				
		31/12/2010		Equity		50.00%	26.71%
GIE BNP Paribas Cardif (ex-GIE BNP Paribas Assurance)	France			Full	3	100.00%	99.00%
Global Euro	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	98.75%	98.75%
Hibernia (France)	France	31/12/2011	New thresholds		4		
		31/12/2010		Prop.	3	61.04%	60.14%
Immeuble Demours SCI	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
Luizaseg	Brazil	31/12/2011	New thresholds	Equity	4	50.00%	50.00%
		31/12/2010	Passing qualifying thresholds	Prop.	3	50.00%	50.00%
		31/12/2009		Equity	1	50.00%	50.00%
Maine 49 SCI (ex- SCI Courbevoie)	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
Maine 50 SCI (ex- SCI Boulogne Nungesser)	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
Malesherbes Courcelles CIMACO SCI	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
Moussorgski SCI	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
Natio Assurance	France	31/12/2011	New thresholds	Equity	4	50.00%	50.00%
		31/12/2010		Prop.	3	50.00%	50.00%
Natio Fonds Athenes Investissement 5	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
Natio Fonds Collines Investissement 1	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
Natio Fonds Collines Investissement 3	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
NCVP Participacoes Societarias SA	Brazil			Full	3	100.00%	100.00%
Odysee SCI	France			Full	3	99.90%	99.90%
Opera Rendement SCPI	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	99.89%	99.89%
Pantin les Moulins SCI	France	31/12/2011	New thresholds		4		
		31/12/2010	Passing qualifying thresholds	Full	3	99.90%	99.90%
Paris Cours de Vincennes SCI	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
Patrimoine Management & Associés	France	31/12/2010	Disposal				
Pinnacle Insurance PLC	UK			Full	3	100.00%	100.00%
Pinnacle Underwriting Limited	UK	31/12/2011	Passing qualifying thresholds	Equity	1	100.00%	100.00%
Pocztylion Arka Powszechne Towarzystwo Emerytalne SA	Poland			Equity		33.33%	33.33%
Pojistovna Cardif Pro Vita A.S	Czech Republic			Full	3	100.00%	100.00%
Pojistovna Cardif Slovakia A.S	Slovakia			Equity	1	100.00%	100.00%
Porte d'Asnières SCI	France	31/12/2011	New thresholds		4		
		31/12/2010	Passing qualifying thresholds	Full	3	99.90%	99.90%
Reumal Investissements SARL	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
Rubin SARL	Luxembourg	31/12/2011	New thresholds		4		
		31/12/2010		Prop.	3	50.00%	50.00%
Rue de l'Ouest SCI (ex- SCI Levallois 2)	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
Rue Mederic SCI	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
Rueil Caudron SCI	France			Full	3	100.00%	100.00%
State Bank of India Life Insurance Company	India			Equity		26.00%	26.00%
Suresnes 3 SCI	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
Thai Cardif Insurance Life Company Ltd.	Thailand	31/12/2011	New thresholds		4		
		31/12/2010		Equity		25.00%	25.00%
Valtitres	France	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
Vendome Athenes SCI	France	31/12/2011	New thresholds		4		
		31/12/2010		Prop.	3	50.00%	50.00%
Warranty Direct Ltd	UK	31/12/2011	New thresholds		4		
		31/12/2010		Equity	1	88.33%	90.29%
Wealth Management							
Bank Insinger de Beaufort NV	Netherlands	31/12/2011		Full		63.02%	63.02%
		31/12/2010	Additional purchase	Full		63.02%	63.02%
		31/12/2009	Purchase	Full		59.08%	59.08%
Bank Insinger de Beaufort Safe Custody NV	Netherlands	31/12/2011		Full		100.00%	63.02%
		31/12/2010	Additional purchase	Full		100.00%	63.02%
		31/12/2009	Purchase	Full		100.00%	59.08%
Bergues Finance Holding	Bahamas	31/12/2011	New thresholds		4		
		31/12/2010		Full		100.00%	99.99%
BNP Paribas Bahamas Ltd.	Bahamas	31/12/2011	New thresholds		4		
		31/12/2010		Full		100.00%	99.99%
BNP Paribas Espana SA	Spain			Full		99.62%	99.62%
BNP Paribas Investment Services LLC	U.S.A.	31/12/2011	New thresholds		4		
		31/12/2010		Full		100.00%	100.00%
BNP Paribas Private Investment Management Ltd.	UK	31/12/2011	Disposal				
		31/12/2010	Additional purchase	Full		100.00%	100.00%
		31/12/2009	Purchase	Full		100.00%	74.93%
BNP Paribas Wealth Management(*)	France			Full		100.00%	100.00%
BNP Paribas Wealth Management Monaco(*)	Monaco			Full		100.00%	99.99%
Conseil Investissement	France	31/12/2011	New thresholds	Equity	4	100.00%	100.00%
		31/12/2010		Full		100.00%	100.00%
Continuing Care Retirement Community NV	Belgium	31/12/2011	New thresholds		4		
		31/12/2010		Full		99.96%	74.90%
Fortis Private Real Estate Holding	Luxembourg	31/12/2011	New thresholds		4		
		31/12/2010		Full		100.00%	74.93%
Fortis Wealth Management Hong Kong Ltd.	Hong-Kong	31/12/2011	Disposal				
		31/12/2010		Full		100.00%	74.93%
Fortis Wealth Management Taiwan Co. Ltd.	Taiwan	31/12/2010	< thresholds				

(*) 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) Entities excluded from the prudential scope of consolidation.
(3) Entities consolidated under the equity method for prudential purposes.
(4) As of 01/01/2011, the consolidation thresholds have been updates (see Summary of significant accounting policies applied by the Group § 1.b.1).

Name	Country		Change in the scope of consolidation	Method		Group voting interest (%)	Group ownership interest (%)
FPRE Management (Belgium) SA	Belgium	31/12/2011	New thresholds		4		
		31/12/2010		Full		100.00%	74.93%
FPRE Second Residences SA	Belgium	31/12/2010	Merger				
FPRE Second Residences SCA	Belgium	31/12/2010	Merger				
Frynaco	Belgium	31/12/2011	New thresholds		4		
		31/12/2010		Full		100.00%	74.93%
Fundamentum Asset Management (FAM)	Luxembourg			Full		100.00%	53.43%
Insinger de Beaufort Asset Management AG	Switzerland	31/12/2011		Full		100.00%	31.51%
		31/12/2010	Additional purchase	Full		100.00%	31.51%
		31/12/2009	Purchase	Full		100.00%	29.54%
Insinger de Beaufort Asset Management NV	Netherlands	31/12/2011		Full		100.00%	63.02%
		31/12/2010	Additional purchase	Full		100.00%	63.02%
		31/12/2009	Purchase	Full		100.00%	59.08%
Insinger de Beaufort Associates BV	Netherlands	31/12/2011		Full		100.00%	63.02%
		31/12/2010	Additional purchase	Full		100.00%	63.02%
		31/12/2009	Purchase	Full		100.00%	59.08%
Insinger de Beaufort Consulting BV	Netherlands	31/12/2011		Full		100.00%	63.02%
		31/12/2010	Additional purchase	Full		100.00%	63.02%
		31/12/2009	Purchase	Full		100.00%	59.08%
Klein Haneveld Consulting BV	Netherlands	31/12/2011		Full		100.00%	63.02%
		31/12/2010	Additional purchase	Full		100.00%	63.02%
		31/12/2009	Purchase	Full		100.00%	59.08%
Mees Pierson Private Belgian Offices NV	Belgium	31/12/2011	New thresholds		4		
		31/12/2010		Full		100.00%	74.93%
Sodefi Holding AG	Switzerland	31/12/2011		Full		50.00%	31.51%
		31/12/2010	Additional purchase	Full		50.00%	31.51%
		31/12/2009	Purchase	Full		50.00%	29.54%
Personal Investors							
B*Capital(*)	France			Full		99.96%	99.94%
Cortal Consors(*)	France			Full		100.00%	99.98%
Cortal Consors Select	France	31/12/2011	New thresholds		4		
		31/12/2010		Equity	1	85.00%	85.00%
Geojit BNP Paribas Financial Services Ltd - Groupe	India			Prop.		33.58%	33.58%
Geojit Technologies Private Ltd. (ex- palier Geojit)	India			Full		56.83%	56.83%
Portzamparc Gestion	France			Full		100.00%	50.97%
Portzamparc société de Bourse(*)	France			Full		51.00%	50.97%
Investment Partners							
ABN AMRO Asset Management Investments (Asia) Ltd.	Cayman Islands	31/12/2010	Dissolution				
ABN AMRO Asset Management Real Estate (Asia)	Cayman Islands	31/12/2010	< thresholds				
ABN AMRO Asset Management Real Estate, Korea (Cayman)	Cayman Islands	31/12/2010	< thresholds				
ABN AMRO Emerging Europe Private Equity (Curaçao)	Curaçao	31/12/2010	< thresholds				
ABN Amro Teda Fund Management Co. Ltd	China	31/12/2010	Disposal				
Alfred Berg Administration A/S	Denmark	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
Alfred Berg Asset Management AB	Sweden	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
Alfred Berg Asset Management Services	Sweden	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
Alfred Berg Fonder AB	Sweden	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
Alfred Berg Fondsmaeglerselskab A/S	Denmark	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
Alfred Berg Forvaltning AS	Norway	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
Alfred Berg Funds	Finland	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
Alfred Berg Kapitalförvaltning AB	Sweden	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
Alfred Berg Kapitalforvaltning AS	Norway	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
Alfred Berg Kapitalforvaltning Finland AB	Finland	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
Antin Infrastructure Partners	France	31/12/2011		Equity	1	40.00%	36.22%
		31/12/2010	Partial disposal	Equity	1	40.00%	36.22%
		31/12/2009		Equity	1	56.50%	56.50%
Aramea Asset Management AG	Germany	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Equity		30.00%	27.16%
		31/12/2009	Purchase	Equity		30.00%	21.36%
Arnhem Investment Management Pty Ltd. (ex- Fortis Investment Partners Pty Ltd.)	Australia	31/12/2011		Equity		40.00%	36.22%
		31/12/2010	Additional purchase	Equity		40.00%	36.22%
		31/12/2009	Purchase	Equity		40.00%	28.48%
Artemis Asset Management Ltd.	UK	31/12/2010	Disposal				
Artemis Fund Managers Ltd.	UK	31/12/2010	Disposal				
Artemis Investment Management Ltd.	UK	31/12/2010	Disposal				
Artemis Ocean Racing Ltd.	UK	31/12/2010	Disposal				
Artemis Ocean Racing 2 Ltd.	UK	31/12/2010	Disposal				
Artemis Strategic Asset Management Ltd.	UK	31/12/2010	Disposal				
Artemis Unit Trust Managers Ltd.	UK	31/12/2010	Disposal				
Athymis Gestion SA	France	31/12/2010	< thresholds				
Banco Estado Administradora General de Fondos	Chile	31/12/2011		Equity	1	49.99%	45.26%
		31/12/2010	Partial disposal	Equity	1	49.99%	45.26%
		31/12/2009	Passing qualifying thresholds	Equity	1	49.99%	49.99%
BNP Paribas Asset Management	France	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Partial disposal	Full		100.00%	90.55%
		31/12/2009		Full		100.00%	100.00%
BNP Paribas Asset Management Australia Ltd.	Australia	31/12/2010	< thresholds				
BNP Paribas Asset Management Brasil Ltda	Brazil	31/12/2011		Full		100.00%	97.57%
		31/12/2010	Partial disposal	Full		100.00%	97.57%
		31/12/2009		Full		100.00%	100.00%
BNP Paribas Asset Management Inc.	U.S.A.	31/12/2011	Merger				
		31/12/2010		Full		100.00%	100.00%
BNP Paribas Asset Management Inc. (ex-Fortis Investment Management USA Inc.)	U.S.A.	31/12/2011	Additional purchase	Full		100.00%	100.00%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
BNP Paribas Asset Management India Private Ltd	India	31/12/2011		Equity	1	100.00%	90.55%
		31/12/2010	< thresholds	Equity	1	100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
BNP Paribas Asset Management SGIIC	Spain	31/12/2011	New thresholds		4		
		31/12/2010		Equity	1	100.00%	99.59%
BNP Paribas Asset Management Uruguay SA	Uruguay	31/12/2011		Equity	1	100.00%	90.55%
		31/12/2010	Partial disposal	Equity	1	100.00%	90.55%
		31/12/2009		Equity	1	100.00%	100.00%
BNP Paribas Clean Energy Partners Ltd	UK	31/12/2011	New thresholds	Equity	4	100.00%	90.55%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
BNP Paribas FIN'AMS Asia	Hong-Kong	31/12/2011	New thresholds		4		
		31/12/2010	Partial disposal	Equity	1	100.00%	91.84%
		31/12/2009		Equity	1	100.00%	100.00%
BNP Paribas Investment Partners	France	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Partial disposal	Full		100.00%	90.55%
		31/12/2009		Full		100.00%	100.00%
BNP Paribas Investment Partners Asia Ltd	Hong-Kong	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
BNP Paribas Investment Partners (Australia) Ltd	Australia	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%

Name	Country		Change in the scope of consolidation	Method		Group voting interest (%)	Group ownership interest (%)
BNP Paribas Investment Partners (Australia) Pty Ltd	Australia	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
BNP Paribas Investment Partners BE Holding	Belgium	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
BNP Paribas Investment Partners Belgium	Belgium	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
BNP Paribas Investment Partners BSC	Bahrain	31/12/2011	New thresholds		4		
		31/12/2010	Partial disposal	Equity	1	100.00%	90.59%
		31/12/2009	Passing qualifying thresholds	Equity	1	99.58%	99.58%
BNP Paribas Investment Partners Canada Ltd	Canada	31/12/2010	< thresholds				
BNP Paribas Investment Partners Funds (Nederland) NV	Netherlands	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
BNP Paribas Investment Partners Japan Ltd	Japan	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Partial disposal	Full		100.00%	90.55%
		31/12/2009		Full		100.00%	100.00%
BNP Paribas Investment Partners Luxembourg SA	Luxembourg	31/12/2011		Full		99.66%	90.24%
		31/12/2010	Partial disposal	Full		99.66%	90.24%
		31/12/2009		Full		99.66%	99.66%
BNP Paribas Investment Partners Netherlands NV	Netherlands	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
BNP Paribas Investment Partners NL Holding NV	Netherlands	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
BNP Paribas Investment Partners (Suisse) SA	Switzerland	31/12/2010	< thresholds				
BNP Paribas Investment Partners Singapore Ltd	Singapore	31/12/2011		Equity	1	100.00%	90.55%
		31/12/2010	Partial disposal	Equity	1	100.00%	90.55%
		31/12/2009		Equity	1	100.00%	100.00%
BNP Paribas Investment Partners Societa di Gestione del Risparmio SPA	Italy	31/12/2011		Full		100.00%	98.42%
		31/12/2010	Partial disposal	Full		100.00%	98.42%
		31/12/2009		Full		100.00%	100.00%
BNP Paribas Investment Partners Taiwan Co. Ltd	Taiwan	31/12/2010	< thresholds				
BNP Paribas Investment Partners UK Holdings Ltd	UK	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
BNP Paribas Investment Partners UK Ltd	UK	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Partial disposal	Full		100.00%	90.55%
		31/12/2009		Full		100.00%	100.00%
BNP Paribas Investment Partners USA Holdings Inc (ex-Charter Atlantic Corporation)	U.S.A.			Full		100.00%	100.00%
BNP Paribas Investment Trust Company (ex-ABN Amro Investment Trust Company)	U.S.A.	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
BNP Paribas Private Equity	France	31/12/2011	New thresholds	Equity	4	100.00%	100.00%
		31/12/2010	Passing qualifying thresholds	Full		100.00%	100.00%
		31/12/2009		Equity	1	100.00%	100.00%
CamGestion	France	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Partial disposal	Full		100.00%	90.55%
		31/12/2009		Full		100.00%	100.00%
Charter Atlantic Capital corporation	U.S.A.	31/12/2011	New thresholds		4		
		31/12/2010		Full		100.00%	100.00%
EISER Infrastructure Capital Management Ltd.	UK	31/12/2010	Disposal				
Fauchier General Partners Ltd	Guernsey	31/12/2011	Additional purchase	Full		100.00%	90.54%
		31/12/2010	Additional purchase	Full		100.00%	79.22%
		31/12/2009		Prop.		47.61%	75.00%
Fauchier Partners Asset Management Ltd	Guernsey	31/12/2011	Additional purchase	Full		100.00%	90.54%
		31/12/2010	Additional purchase	Full		100.00%	79.22%
		31/12/2009		Prop.		47.61%	75.00%
Fauchier Partners Corporation	U.S.A.	31/12/2011	Additional purchase	Full		100.00%	90.54%
		31/12/2010	Additional purchase	Full		100.00%	79.22%
		31/12/2009		Prop.		47.61%	75.00%
Fauchier Partners International Ltd	Bermuda	31/12/2011	Additional purchase	Full		100.00%	90.54%
		31/12/2010	Additional purchase	Full		100.00%	79.22%
		31/12/2009		Prop.		47.61%	75.00%
Fauchier Partners Ltd	UK	31/12/2011	Additional purchase	Full		100.00%	90.54%
		31/12/2010	Additional purchase	Full		100.00%	79.22%
		31/12/2009		Prop.		47.61%	75.00%
Fauchier Partners LLP	UK	31/12/2011	Additional purchase	Full		83.39%	75.15%
		31/12/2010	Additional purchase	Full		83.39%	66.06%
		31/12/2009		Prop.		39.70%	62.54%
Fauchier Partners Management Company Ltd	UK	31/12/2011	Additional purchase	Full		100.00%	90.54%
		31/12/2010	Additional purchase	Full		100.00%	79.22%
		31/12/2009		Prop.		47.61%	75.00%
Fauchier Partners Management Ltd	Guernsey	31/12/2011	Additional purchase	Full		99.99%	90.54%
		31/12/2010	Additional purchase	Full		87.49%	79.22%
		31/12/2009		Prop.		47.61%	75.00%
Fauchier Partners SAS	France	31/12/2011	Incorporation	Full		100.00%	90.54%
Fimapierre	France	31/12/2011	< thresholds				
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
Fischer Francis Trees & Watts Inc.	U.S.A.			Full		100.00%	100.00%
Fischer Francis Trees & Watts Kabushiki Kaisha	Japan	31/12/2010	Dissolution				
Fischer Francis Trees & Watts Ltd.	UK	31/12/2011	Liquidation				
		31/12/2010		Full		100.00%	100.00%
Fischer Francis Trees & Watts Pte Ltd.	Singapore	31/12/2010	Merger				
Fischer Francis Trees & Watts Singapore Ltd	Singapore	31/12/2011		Equity	1	100.00%	90.55%
		31/12/2010	Additional purchase & < thresholds	Equity	1	100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
Fischer Francis Trees & Watts UK	UK	31/12/2011	Liquidation				
		31/12/2010		Full		100.00%	100.00%
Fischer Francis Trees & Watts UK Ltd	UK	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
Flexifund Associates	Luxembourg	31/12/2010	Dissolution				
Fortis Asset Management Japan CO Ltd.	Japan	31/12/2010	Merger				
Fortis Bank Suisse SA	Switzerland	31/12/2010	Merger				
Fortis Gesbeta SGIIC	Spain	31/12/2010	Merger				
Fortis Gestao de Investimentos Brasil Limitada	Brazil	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
Fortis Investment Finance	France	31/12/2011	< thresholds				
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%

(*) 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) Entities excluded from the prudential scope of consolidation.
(3) Entities consolidated under the equity method for prudential purposes.
(4) As of 01/01/2011, the consolidation thresholds have been updates (see Summary of significant accounting policies applied by the Group § 1.b.1).

Name	Country		Change in the scope of consolidation	Method		Group voting interest (%)	Group ownership interest (%)
Fortis Investment Management (Cayman) Ltd	Cayman Islands	31/12/2010	Liquidation				
Fortis Investment Management Chile SA	Chile	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
Fortis Investment Management Argentina Soc. Gerente de FCI SA	Argentina	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
Fortis Investment Management France	France	31/12/2010	Merger				
Fortis Investment Management Hong Kong Ltd.	Hong-Kong	31/12/2010	Liquidation				
Fortis Investment Management Luxembourg SA	Luxembourg	31/12/2010	Merger				
Fund Channel SA	Luxembourg	31/12/2011		Equity	1	49.96%	45.24%
		31/12/2010	Passing qualifying thresholds	Equity	1	49.96%	45.24%
FundQuest	France	31/12/2011		Full		100.00%	90.55%
		31/12/2010	Partial disposal	Full		100.00%	90.55%
		31/12/2009		Full		100.00%	100.00%
FundQuest Holdings Ltd.	UK	31/12/2011	New thresholds		4		
		31/12/2010	Partial disposal	Equity	1	100.00%	90.55%
		31/12/2009	Passing qualifying thresholds	Equity	1	100.00%	100.00%
FundQuest Inc.	U.S.A.	31/12/2011	Disposal				
		31/12/2010		Full		100.00%	100.00%
FundQuest MM Ltd.	UK	31/12/2011	New thresholds		4		
		31/12/2010	Partial disposal	Equity	1	100.00%	90.55%
		31/12/2009	Passing qualifying thresholds	Equity	1	100.00%	100.00%
FundQuest UK Ltd.	UK	31/12/2011	Passing qualifying thresholds	Full		100.00%	90.55%
		31/12/2010	Partial disposal	Equity	1	100.00%	90.55%
		31/12/2009	Passing qualifying thresholds	Equity	1	100.00%	100.00%
Gestion Obligataire Diversifiée	France	31/12/2011	New thresholds		4		
		31/12/2010	Partial disposal	Full		100.00%	93.26%
		31/12/2009	Passing qualifying thresholds	Full		100.00%	100.00%
Groeivermogen NV	Netherlands	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
Haitong - Fortis Private Equity Fund Management Co. Ltd.	China	31/12/2011		Equity		33.00%	29.88%
		31/12/2010	Additional purchase	Equity		33.00%	29.88%
		31/12/2009	Purchase	Equity		33.00%	23.49%
HFT Investment Management Co Ltd - Groupe	China	31/12/2011		Equity		49.00%	44.37%
		31/12/2010	Additional purchase	Equity		49.00%	44.37%
		31/12/2009	Purchase	Equity		49.00%	34.88%
HFT Investment Management (HK) Ltd.	Hong-Kong	31/12/2011		Equity		49.00%	44.37%
		31/12/2010	Incorporation	Equity		49.00%	44.37%
Impax Asset Management Group PLC	UK	31/12/2011		Equity		27.88%	25.24%
		31/12/2010	Partial disposal	Equity		27.88%	25.24%
		31/12/2009		Equity		27.88%	27.88%
Industrifinans Forskningsparken Eiendom AS	Norway	31/12/2011	Liquidation				
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
KIT Fortis Investment Management	Kazakhstan	31/12/2011	Liquidation				
		31/12/2010	Additional purchase	Equity		50.00%	45.27%
		31/12/2009	Purchase	Equity		50.00%	35.60%
Malbec Partners Inc.	U.S.A.	31/12/2011	New thresholds		4		
		31/12/2010		Full		100.00%	100.00%
Malbec Partners LLP	UK	31/12/2010	Dissolution				
Malbec UK Ltd.	UK	31/12/2010	Dissolution				
Merconter SA	Argentina	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	90.55%
		31/12/2009	Purchase	Full		100.00%	71.19%
Ostara Partners Inc.	Cayman Islands	31/12/2010	< thresholds				
Ostara Partners Inc. Korea	Cayman Islands	31/12/2010	< thresholds				
Overlay Asset Management	France	31/12/2011	< thresholds				
		31/12/2010	Partial disposal	Equity	1	100.00%	90.55%
		31/12/2009		Equity	1	100.00%	100.00%
PT ABN AMRO Manajemen Investasi	Indonesia	31/12/2011	New thresholds		4		
		31/12/2010	< thresholds	Equity	1	84.99%	76.96%
		31/12/2009	Purchase	Full		84.99%	60.50%
PT. BNP Paribas Investment Partners	Indonesia	31/12/2011		Full		99.00%	89.64%
		31/12/2010	Additional purchase	Full		99.00%	89.64%
		31/12/2009	Purchase	Full		99.00%	70.47%
SAIB BNP Paribas Asset Management Cy Ltd.	Saudi Arabia	31/12/2011	New thresholds		4		
		31/12/2010	Partial disposal	Equity		25.00%	22.64%
		31/12/2009	Passing qualifying thresholds	Equity		25.00%	25.00%
Shenying & Wanguo BNP Paribas Asset Management Company Ltd.	China	31/12/2011	New thresholds		4		
		31/12/2010	Partial disposal	Equity		33.00%	29.88%
		31/12/2009		Equity		33.00%	33.00%
Shinan BNP Paribas Asset Management Co Ltd	South Korea	31/12/2011		Prop.		35.00%	31.69%
		31/12/2010	Partial disposal	Prop.		35.00%	31.69%
		31/12/2009		Prop.		35.00%	35.00%
Sundaram BNP Paribas Asset Management Company Ltd.	India	31/12/2010	Disposal				
TFunds Mutual Fund Management Company SA	Greece	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Equity		45.00%	40.75%
		31/12/2009	Purchase	Equity		45.00%	32.03%
THEAM (ex-Harewood Asset Management)	France	31/12/2011	Partial disposal	Full		100.00%	90.55%
		31/12/2010		Full		100.00%	100.00%
TKB BNP Paribas Investment Partners Holding BV	Netherlands	31/12/2011		Equity		50.00%	45.27%
		31/12/2010	Additional purchase	Equity		50.00%	45.27%
		31/12/2009	Purchase	Equity		50.00%	35.60%
TKB BNP Paribas Investment Partners LLC	Russia	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Equity		50.00%	45.27%
		31/12/2009	Purchase	Equity		50.00%	35.60%
Versiko AG	Germany	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Equity		25.00%	22.64%
		31/12/2009	Purchase	Equity		25.10%	17.87%
BNP Paribas Fin' AMS(*)	France			Full		100.00%	100.00%
BNP Paribas Financial Services LLC	U.S.A.	31/12/2011	Passing qualifying thresholds	Equity		100.00%	100.00%
BNP Paribas Fund Services Australasia Ltd.	Australia			Full		100.00%	100.00%
BNP Paribas Fund Services Dublin Ltd.	Ireland	31/12/2011	New thresholds	Equity	4	100.00%	100.00%
		31/12/2010		Full		100.00%	100.00%
Securities Services							
BNP Paribas Fund Services France	France			Full		100.00%	100.00%
BNP Paribas Fund Services Securities Pty	Australia	31/12/2011	Passing qualifying thresholds	Full		100.00%	100.00%
BNP Paribas Securities Services - BP2S(*)	France			Full		100.00%	100.00%
BNP Paribas Securities Services Fund Administration Ltd.	Jersey	31/12/2011	New thresholds		4		
		31/12/2010	Passing qualifying thresholds	Equity	1	100.00%	100.00%
BNP Paribas Securities Services (Holdings) Ltd.	Jersey			Full		100.00%	100.00%
BNP Paribas Trust Company (Guernesey) Ltd.	Guernsey			Equity	1	100.00%	100.00%
F.A.M. Fund Advisory	Luxembourg	31/12/2010	Dissolution				
Fastnet Nederland	Netherlands	31/12/2011	New thresholds		4		
		31/12/2010		Equity		47.84%	25.56%
Fund Administration Services & Technology Network Belgium	Belgium	31/12/2011	New thresholds		4		
		31/12/2010		Equity		47.80%	25.54%
Fund Administration Services & Technology Network Luxembourg	Luxembourg	31/12/2010	Disposal				
Real Estate Services							
Asset Partenaires	France			Full		100.00%	96.77%
Auguste Thouard Expertise	France			Full		100.00%	100.00%
BNP Paribas Immobilier Promotion Immobilier d'Entreprise	France			Full		100.00%	100.00%
BNP Paribas Immobilier Residentiel	France			Full		100.00%	100.00%
BNP Paribas Immobilier Residentiel Promotion Ile de France	France			Full		100.00%	100.00%
BNP Paribas Immobilier Residentiel Promotion Mediterranée	France			Full		100.00%	100.00%
BNP Paribas Immobilier Residentiel Promotion Rhône Alpes	France			Full		100.00%	100.00%
BNP Paribas Immobilier Résidentiel Promotion Sud Ouest	France			Full		100.00%	100.00%
BNP Paribas Immobilier Résidentiel Promotion Var	France	31/12/2011	Merger				
		31/12/2010		Full		100.00%	100.00%

Name	Country	Change in the scope of consolidation		Method	Group voting interest (%)	Group ownership interest (%)
BNP Paribas Immobilier Residentiel Residences Services	France			Full	100.00%	100.00%
BNP Paribas Immobilier Residentiel Residences Services BSA	France			Full	100.00%	100.00%
BNP Paribas Immobilier Residentiel Residences Services Sofiane	France			Full	100.00%	100.00%
BNP Paribas Immobilier Residentiel Service Clients	France			Full	100.00%	100.00%
BNP Paribas Immobilier Residentiel Transaction & Conseil	France			Full	100.00%	100.00%
BNP Paribas Immobilier Residentiel V2i	France			Full	100.00%	100.00%
BNP Paribas Real Estate	France			Full	100.00%	100.00%
BNP Paribas Real Estate Advisory Belgium SA	Belgium			Full	100.00%	100.00%
BNP Paribas Real Estate Advisory Italy SPA	Italy			Full	100.00%	100.00%
BNP PB Real Estate Advisory & Property Management Czech Republic Ltd	Czech Republic	31/12/2011	Purchase	Full	100.00%	100.00%
BNP PB Real Estate Advisory & Property Management Hungary Ltd	Hungary	31/12/2011	Purchase	Full	100.00%	100.00%
BNP PB Real Estate Advisory & Property Management Ireland Ltd.	Ireland			Full	100.00%	100.00%
BNP Paribas Real Estate Advisory & Property Management International	France	31/12/2010	Merger			
BNP Paribas Real Estate Advisory & Property Management LLC	United Arab Emirates			Full	49.00%	49.00%
BNP Paribas Real Estate Advisory & Property Management Luxembourg SA	Luxembourg			Full	100.00%	100.00%
BNP Paribas Real Estate Advisory & Property Management Poland SA	Poland	31/12/2011	Purchase	Full	100.00%	100.00%
BNP Paribas Real Estate Advisory & Property Management UK Ltd.	UK			Full	100.00%	100.00%
BNP Paribas Real Estate Advisory Spain SA	Spain			Full	100.00%	100.00%
BNP Paribas Real Estate Advisory USA Inc.	U.S.A.	31/12/2010	< thresholds			
BNP Paribas Real Estate Consult France	France			Full	100.00%	100.00%
BNP Paribas Real Estate Consult GmbH	Germany			Full	100.00%	100.00%
BNP Paribas Real Estate Facilities Management Ltd.	UK			Full	100.00%	100.00%
BNP Paribas Real Estate Financial Partner	France			Full	100.00%	100.00%
BNP Paribas Real Estate GmbH	Germany			Full	100.00%	100.00%
BNP Paribas Real Estate Holding Benelux SA	Belgium			Full	100.00%	100.00%
BNP Paribas Real Estate Holding GmbH	Germany			Full	100.00%	100.00%
BNP Paribas Real Estate Hotels France	France			Full	96.40%	95.99%
BNP Paribas Real Estate & Infrastructure Advisory Service Private Ltd.	India			Full	55.00%	55.00%
BNP Paribas Real Estate Investment Management	France			Full	96.77%	96.77%
BNP Paribas Real Estate Investment Management Belgium	Belgium	31/12/2011		Full	100.00%	100.00%
		31/12/2010	Incorporation	Full	100.00%	100.00%
BNP Paribas Real Estate Investment Management Italy	Italy			Full	100.00%	100.00%
BNP Paribas Real Estate Investment Management Ltd.	UK			Full	100.00%	100.00%
BNP Paribas Real Estate Investment Management Luxembourg SA	Luxembourg	31/12/2011		Full	100.00%	100.00%
		31/12/2010	Incorporation	Full	100.00%	100.00%

Name	Country	Change in the scope of consolidation		Method	Group voting interest (%)	Group ownership interest (%)
BNP Paribas Real Estate Investment Management Spain	Spain	31/12/2011	Incorporation	Full	100.00%	100.00%
BNP Paribas Real Estate Investment Management UK Ltd.	UK			Full	100.00%	100.00%
BNP Paribas Real Estate Investment Services SAS	France			Full	100.00%	100.00%
BNP Paribas Real Estate Jersey Ltd.	Jersey			Full	100.00%	100.00%
BNP Paribas Real Estate Project Solutions GmbH	Germany	31/12/2011	Merger			
		31/12/2010		Full	100.00%	100.00%
BNP Paribas Real Estate Property Developpement Italy SPA	Italy			Full	100.00%	100.00%
BNP Paribas Real Estate Property Developpement UK Ltd.	UK	31/12/2011	Incorporation	Full	100.00%	100.00%
BNP Paribas Real Estate Property Management Belgium	Belgium			Full	100.00%	100.00%
BNP Paribas Real Estate Property Management France SAS	France			Full	100.00%	100.00%
BNP Paribas Real Estate Property Management GmbH	Germany			Full	100.00%	100.00%
BNP Paribas Real Estate Property Management International	France	31/12/2011	Merger			
		31/12/2010		Full	100.00%	100.00%
BNP Paribas Real Estate Property Management Italy SrL	Italy			Full	100.00%	100.00%
BNP Paribas Real Estate Property Management Spain SA	Spain			Full	100.00%	100.00%
BNP Paribas Real Estate Services Holding Italy	Italy	31/12/2011		Full	100.00%	100.00%
		31/12/2010	Incorporation	Full	100.00%	100.00%
BNP Paribas Real Estate Transaction France	France			Full	96.40%	95.99%
BNP Paribas Real Estate Valuation France	France			Full	100.00%	100.00%
Cristolienne de Participations SAS	France	31/12/2011	New thresholds	4		
		31/12/2010		Full	100.00%	100.00%
F G Ingenierie et Promotion Immobilière	France			Full	100.00%	100.00%
European Direct Property Management SA (ex-Fortis Direct Real Estate Management)	Luxembourg	31/12/2011		Full	100.00%	100.00%
		31/12/2010	Additional purchase	Full	100.00%	100.00%
		31/12/2009	Purchase	Full	100.00%	74.93%
Gerer SA	France	31/12/2010	Disposal			
Immobiliere des Bergues	France			Full	100.00%	100.00%
Euro Fashion Center SA	Belgium	31/12/2010	< thresholds			
Fortis / KFH Scof Advisor Ltd.	Virgin Islands	31/12/2010	< thresholds			
Lot 2 Porte d'Asnières SNC	France	31/12/2010	< thresholds			
Meunier Hispania SA	Spain			Full	100.00%	100.00%
Multi Vest (France) 4 SAS	France	31/12/2010	< thresholds			
Newport Management SAS	France	31/12/2011	Merger			
		31/12/2010		Full	100.00%	100.00%
Partner's & Services	France			Full	100.00%	100.00%
Pyrotex SARL	Luxembourg			Full	100.00%	100.00%
S.C BNP Paribas Real Estate Advisory S.A	Romania	31/12/2011	Additional purchase	Full	100.00%	100.00%
		31/12/2010		Full	88.00%	88.00%
Sesame Conseil SAS	France	31/12/2011		Full	95.25%	95.25%
		31/12/2010	Purchase	Full	95.25%	95.25%
Siège Issy	France	31/12/2011	Incorporation	Full	100.00%	100.00%
Tasaciones Hipotecarias SA	Spain			Full	100.00%	100.00%
Via Crespi 26 SRL	Italy			Full	100.00%	100.00%
Weatheralls Consultancy Services Ltd.	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	31/12/2011	New thresholds	4		
		31/12/2010		Full	100.00%	100.00%
BNP Paribas Stratégies Actions	France	31/12/2011	New thresholds	4		
		31/12/2010		Full	100.00%	100.00%
Esomet SAS	France			Full	100.00%	100.00%
Laffitte Participation 22	France			Full	100.00%	100.00%

(*) French subsidiaries whose regulatory supervision falls within the scope of the consolidated Group, in accordance with article 4.1 of CRBF Regulation 2000.03.
(1) Simplified consolidation by the equity method (non-material entities).
(2) Entities excluded from the prudential scope of consolidation.
(3) Entities consolidated under the equity method for prudential purposes.
(4) As of 01/01/2011, the consolidation thresholds have been updates (see Summary of significant accounting policies applied by the Group § 1.b.1).

Name	Country		Change in the scope of consolidation	Method		Group voting interest (%)	Group ownership interest (%)
Paribas Dérivés Garantis Snc	France	31/12/2011	Merger				
		31/12/2010		Full	2	100.00%	100.00%
Parifergie(*)	France			Full		100.00%	100.00%
Parilease SAS(*)	France			Full		100.00%	100.00%
Taitbout Participation 3 Snc	France			Full		100.00%	100.00%
Europe							
Alleray	Luxembourg	31/12/2011	New thresholds		4		
		31/12/2010		Full		100.00%	53.43%
Argance	Luxembourg	31/12/2010	< thresholds				
BNP Paribas Bank NV	Netherlands			Full		100.00%	100.00%
BNP Paribas Capital Investments Ltd.	UK	31/12/2011	< thresholds				
		31/12/2010		Full		100.00%	100.00%
BNP Paribas CMG Ltd.	UK	31/12/2011	< thresholds				
		31/12/2010		Full		100.00%	100.00%
BNP Paribas Commodity Futures Ltd.	UK			Full		100.00%	100.00%
BNP Paribas Cyprus Ltd.	Cyprus	31/12/2011	< thresholds				
		31/12/2010		Full		100.00%	100.00%
BNP Paribas E & B Ltd.	UK	31/12/2011	< thresholds				
		31/12/2010		Full		100.00%	100.00%
BNP Paribas Finance PLC	UK	31/12/2011	New thresholds		4		
		31/12/2010		Full		100.00%	100.00%
BNP Paribas Ireland	Ireland			Full		100.00%	100.00%
BNP Paribas Net Ltd.	UK	31/12/2011	< thresholds				
		31/12/2010		Full		100.00%	100.00%
BNP Paribas UK Holdings Ltd.	UK			Full		100.00%	100.00%
BNP Paribas UK Ltd.	UK			Full		100.00%	100.00%
BNP Paribas Vartry Reinsurance Ltd.	Ireland			Full	3	100.00%	100.00%
BNP Paribas ZAO	Russia			Full		100.00%	100.00%
BNP PUK Holding Ltd.	UK			Full		100.00%	100.00%
Calilux SARL	Luxembourg	31/12/2010	< thresholds				
Camomile Asset Finance (N°5) Partnership	UK	31/12/2010	< thresholds				
Camomile Investments UK Ltd.	UK	31/12/2011		Full		100.00%	100.00%
		31/12/2010	Additional purchase	Full		100.00%	100.00%
		31/12/2009	Purchase	Full		100.00%	74.93%
Capstar Partners Ltd.	UK	31/12/2011	< thresholds				
		31/12/2010		Full		100.00%	100.00%
Dalgarno	Luxembourg	31/12/2010	< thresholds				
Delvino	Luxembourg	31/12/2010	< thresholds				
Eris Investissements	Luxembourg	31/12/2010	< thresholds				
FB Energy Trading S.à R.L.	Luxembourg	31/12/2011	< thresholds				
		31/12/2010		Full		100.00%	74.93%
Fidex Holdings Ltd.	UK			Full		100.00%	100.00%
Fortis Film Fund SA	Belgium	31/12/2010	< thresholds				
Fortis International Finance (Dublin)	Ireland	31/12/2011	< thresholds				
		31/12/2010		Full		100.00%	74.93%
Fortis International Finance Luxembourg SARL	Luxembourg	31/12/2011	Liquidation				
		31/12/2010	Additional purchase	Full		100.00%	100.00%
		31/12/2009	Purchase	Full		100.00%	74.93%
Fortis Park Lane Ireland Ltd.	Ireland	31/12/2010	< thresholds				
Fortis PF Investments (UK) Ltd.	UK	31/12/2010	< thresholds				
Fortis Proprietary Investment Ireland Ltd.	Ireland	31/12/2011	< thresholds				
		31/12/2010		Full		100.00%	74.93%
G I Finance	Ireland	31/12/2011	< thresholds				
		31/12/2010		Full		100.00%	74.93%
Harewood Holdings Ltd.	UK			Full		100.00%	100.00%
Landspire Ltd.	UK			Full		100.00%	100.00%
Mermoz Jet Finance	Spain	31/12/2010	< thresholds				
Money Alpha	France	31/12/2011	Dissolution				
		31/12/2010		Full		100.00%	74.93%
Money Beta	France	31/12/2011	Dissolution				
		31/12/2010		Full		100.00%	74.93%
Paribas Trust Luxembourg SA	Luxembourg	31/12/2011		Full		100.00%	53.43%
		31/12/2010	Partial disposal	Full		100.00%	53.43%
		31/12/2009		Full		100.00%	100.00%
Pattison	Luxembourg	31/12/2010	< thresholds				
Prestibel Left Village	Belgium	31/12/2010	< thresholds				
Quainton Funding SARL.	Luxembourg	31/12/2010	< thresholds				
Tabor Funding	Luxembourg	31/12/2010	< thresholds				
Upper Hatch Securities Ltd.	Ireland	31/12/2010	< thresholds				
Utexam Ltd.	Ireland	31/12/2011	New thresholds		4		
		31/12/2010		Full		100.00%	100.00%
Utexam Logistics Ltd.	Ireland			Full		100.00%	100.00%
Verner Investissements (Group)	France			Equity		40.00%	50.00%
Americas							
ACG Capital Partners II LLC	U.S.A.	31/12/2011	Passing qualifying thresholds	Prop.		50.00%	50.00%
		31/12/2010	Incorporation	Equity		50.00%	50.00%
ACG Investment Capital Partners LLC	U.S.A.	31/12/2010	Additional purchase & < thresholds				
Banco BNP Paribas Brasil SA	Brazil			Full		100.00%	100.00%
Banexi Holding Corporation	U.S.A.	31/12/2011		Full		100.00%	100.00%
		31/12/2010	Passing qualifying thresholds	Full		100.00%	100.00%
BNP Paribas Canada	Canada			Full		100.00%	100.00%
BNP Paribas Capital Corporation Inc(ex-Fortis Capital Corporation)	U.S.A.	31/12/2011		Full		100.00%	100.00%
		31/12/2010	Additional purchase	Full		100.00%	100.00%
		31/12/2009	Purchase	Full		100.00%	74.93%
BNP Paribas Capital Services Inc.	U.S.A.	31/12/2011		Full		100.00%	100.00%
		31/12/2010	Passing qualifying thresholds	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.	31/12/2011	Merger				
		31/12/2010		Full		100.00%	100.00%
BNP Paribas Energy Trading Canada Corp	Canada	31/12/2011		Full		100.00%	100.00%
		31/12/2010	Additional purchase	Full		100.00%	100.00%
		31/12/2009	Purchase	Full		100.00%	74.93%
BNP Paribas Energy Trading GP	U.S.A.	31/12/2011		Full		100.00%	100.00%
		31/12/2010	Additional purchase	Full		100.00%	100.00%
		31/12/2009	Purchase	Full		100.00%	74.93%
BNP Paribas Energy Trading Holdings, Inc.	U.S.A.	31/12/2011		Full		100.00%	100.00%
		31/12/2010	Passing qualifying thresholds	Full		100.00%	100.00%
BNP Paribas Energy Trading LLC	U.S.A.	31/12/2011		Full		100.00%	100.00%
		31/12/2010	Passing qualifying thresholds	Full		100.00%	100.00%
BNP Paribas FS LLC (ex-Fortis Securities LLC)	U.S.A. U.S.A.	31/12/2011		Full		100.00%	100.00%
		31/12/2010	Additional purchase	Full		100.00%	100.00%
		31/12/2009	Purchase	Full		100.00%	74.93%
BNP Paribas Leasing Corporation	U.S.A.			Full		100.00%	100.00%
BNP Paribas Mortgage Corporation	U.S.A.			Full		100.00%	100.00%
BNP Paribas North America Inc.	U.S.A.			Full		100.00%	100.00%
BNP Paribas Prime Brokerage Inc.	U.S.A.			Full		100.00%	100.00%
BNP Paribas Prime Brokerage International Ltd.	Cayman Islands			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%
Camomile Alzette Investments (UK) Ltd.	Cayman Islands	31/12/2010	< thresholds				
Camomile Canopia Trading (UK) Ltd.	Cayman Islands	31/12/2011	Loss of control				
		31/12/2010	Additional purchase	Full		100.00%	100.00%
		31/12/2009	Purchase	Full		100.00%	74.93%
Camomile Pearl (UK) Ltd.	Cayman Islands	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	100.00%
		31/12/2009	Purchase	Full		100.00%	74.93%
Camomile Ulster Investments (UK) Ltd.	Cayman Islands	31/12/2011		Full		100.00%	100.00%
		31/12/2010	Additional purchase	Full		100.00%	100.00%
		31/12/2009	Purchase	Full		100.00%	74.93%
Capstar Partners LLC	U.S.A.	31/12/2011	New thresholds	Equity	4	100.00%	100.00%
		31/12/2010		Full		100.00%	100.00%
CF Leasing Ltd.	Bermuda	31/12/2010	Partial disposal & Integration in the Cronos Group				
CooperNeff Group Inc.	U.S.A.			Full		100.00%	100.00%
Cronos Holding Company Ltd. (Group)	Bermuda	31/12/2011		Equity		30.00%	22.40%
		31/12/2010	Purchase	Equity		30.00%	22.40%
FB Energy Holdings LLC	U.S.A.	31/12/2011	New thresholds		4		
		31/12/2010		Full		100.00%	74.93%
FB Holdings Canada Corp	Canada	31/12/2011	< thresholds				
		31/12/2010		Full		100.00%	74.93%
FB Transportation Capital LLC	U.S.A.			Full		100.00%	74.93%
FBC Ltd.	Bermuda	31/12/2010	Liquidation				
Fortis Capital (Canada) Ltd.	Canada	31/12/2010	Merger				
Fortis Funding LLC	U.S.A.			Full		100.00%	74.93%
Fortis Prime Fund Solutions (USA) LLC	U.S.A.	31/12/2010	< thresholds				
Fortis Proprietary Capital Inc.	U.S.A. U.S.A.	31/12/2011	Dissolution				
		31/12/2010	Additional purchase	Full		100.00%	100.00%
		31/12/2009	Purchase	Full		100.00%	74.93%

Name	Country	Change in the scope of consolidation		Method		Group voting interest (%)	Group ownership interest (%)
French American Banking Corporation - F.A.B.C	U.S.A.			Full		100.00%	100.00%
FSI Holdings Inc.	U.S.A.	31/12/2011		Full		100.00%	100.00%
		31/12/2010	Additional purchase	Full		100.00%	100.00%
		31/12/2009	Purchase	Full		100.00%	74.93%
Harewood Asset Management (US) Inc.	U.S.A.	31/12/2011	New thresholds		4		
		31/12/2010		Full		100.00%	100.00%
Innocap Investment Management Inc.	Canada	31/12/2011	New thresholds		4		
		31/12/2010		Equity		25.00%	25.00%
Paribas North America Inc.	U.S.A.			Full		100.00%	100.00%
Paribas Participations Limitee	Canada	31/12/2011	Liquidation				
		31/12/2010		Full		100.00%	100.00%
Petits Champs Participaçoes e Serviços SA	Brazil			Full		100.00%	100.00%
RFH Ltd.	Bermuda	31/12/2011		Equity		100.00%	74.68%
		31/12/2010	Additional purchase	Equity		100.00%	74.68%
		31/12/2009	Purchase	Equity		50.00%	49.57%
SDI Media Central Holdings Corp.	U.S.A.	31/12/2011	Passing qualifying thresholds	Equity	1	100.00%	100.00%
TAP Ltd	Bermuda	31/12/2011	Incorporation	Equity	1	65.00%	48.54%
TCG Fund I, L.P	Cayman Islands			Full		99.66%	74.68%
Textainer Marine Containers Ltd.	Bermuda	31/12/2011	Disposal				
		31/12/2010		Equity		25.00%	18.73%
Trip Rail Holdings LLC	U.S.A.	31/12/2011	New thresholds		4		
		31/12/2010	Passing qualifying thresholds	Equity		16.33%	12.19%
Via North America, Inc.	U.S.A.	31/12/2011		Full		100.00%	100.00%
		31/12/2010	Passing qualifying thresholds	Full		100.00%	100.00%
Asia - Oceania							
ACG Capital Partners Singapore Pte. Ltd	Singapore	31/12/2011	Passing qualifying thresholds	Prop.		50.00%	50.00%
		31/12/2010	Incorporation	Equity		50.00%	50.00%
BNP Equities Asia Ltd.	Malaysia	31/12/2011	New thresholds		4		
		31/12/2010		Full		100.00%	100.00%
BNP Pacific (Australia) Ltd.	Australia			Full		100.00%	100.00%
BNP Paribas (China) Ltd.	China			Full		100.00%	100.00%
BNP Paribas Arbitrage (Hong-Kong) Ltd.	Hong-Kong			Full		100.00%	100.00%
BNP Paribas Capital (Asia Pacific) Ltd.	Hong-Kong			Full		100.00%	100.00%
BNP Paribas Capital (Singapore) Ltd.	Singapore	31/12/2011	< thresholds				
		31/12/2010		Full		100.00%	100.00%
BNP Paribas Finance (Hong-Kong) Ltd.	Hong-Kong			Full		100.00%	100.00%
BNP Paribas Futures (Hong-Kong) Ltd.	Hong-Kong	31/12/2011	< thresholds				
		31/12/2010		Full		100.00%	100.00%
BNP Paribas India Solutions Private Ltd.	India			Full		100.00%	100.00%
BNP Paribas Japan Ltd.	Japan			Full		100.00%	100.00%
BNP Paribas Principal Investments Japan Ltd.	Japan			Full		100.00%	100.00%
BNP Paribas Securities (Asia) Ltd.	Hong-Kong			Full		100.00%	100.00%
BNP Paribas Securities India Private Ltd.	India			Full		100.00%	66.79%
BNP Paribas Securities (Japan) Ltd.	Hong-Kong			Full		100.00%	100.00%
BNP Paribas Securities Japan Ltd.	Japan	31/12/2011	Incorporation	Full		100.00%	100.00%
BNP Paribas Securities (Taiwan) Co Ltd.	Taiwan			Full		100.00%	100.00%
BNP Paribas Securities Korea Company Ltd.	South Korea			Full		100.00%	100.00%
BNP Paribas Securities (Singapore) Pte Ltd.	Singapore			Full		100.00%	100.00%
BNP Paribas Services (Hong Kong) Ltd.	Hong-Kong	31/12/2011	New thresholds		4		
		31/12/2010		Full		100.00%	100.00%
BPP Holdings Pte Ltd.	Singapore			Full		100.00%	100.00%
Celestial Hong Kong Ltd.	Hong-Kong	31/12/2010	< thresholds				
Generale Belgian Finance Cy Ltd.	Hong-Kong	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	100.00%
		31/12/2009	Purchase	Full		100.00%	74.93%

Name	Country	Change in the scope of consolidation		Method		Group voting interest (%)	Group ownership interest (%)
Paribas Asia Equity Ltd.	Hong-Kong	31/12/2011	< thresholds				
		31/12/2010		Full		100.00%	100.00%
PT Bank BNP Paribas Indonésia	Indonesia			Full		100.00%	99.99%
PT BNP Paribas Securities Indonesia	Indonesia			Full		99.00%	99.00%
Wa Pei Finance Company Ltd.	Hong-Kong	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	100.00%
		31/12/2009	Purchase	Full		100.00%	74.93%
Wa Pei Properties Ltd.	Hong-Kong	31/12/2011	New thresholds		4		
		31/12/2010	Additional purchase	Full		100.00%	100.00%
		31/12/2009	Purchase	Full		100.00%	74.93%
Middle East							
BNPP Investment Company KSA	Saudi Arabia	31/12/2011	Passing qualifying thresholds	Equity	1	100.00%	100.00%
Special Purpose Entities							
54 Lombard Street Investments Ltd.	UK			Full			
2007 Panda Finance 2 SAS	France	31/12/2011	New thresholds		4		
		31/12/2010		Full			
2008 Marie Finance SAS	France	31/12/2011	New thresholds		4		
		31/12/2010		Full			
2008 Newine Finance 5 SAS	France	31/12/2011	New thresholds		4		
		31/12/2010		Full			
2008 Panda Finance 6 SAS	France	31/12/2011	New thresholds		4		
		31/12/2010		Full			
2008 Panda Finance 7 SAS	France	31/12/2011	New thresholds		4		
		31/12/2010		Full			
2008 Panda Finance 11 SAS	France	31/12/2011	New thresholds		4		
		31/12/2010		Full			
2009 Koala Finance - MSN 36742	France	31/12/2011	New thresholds		4		
		31/12/2010		Full			
Alandes BV	Netherlands			Full	2		
Alectra Finance PLC	Ireland			Full			
Antin Participation 8	France	31/12/2011	Incorporation	Full			
APAC Finance Ltd.	New Zealand	31/12/2010	Liquidation				
APAC Investments Ltd.	New Zealand	31/12/2010	Liquidation				
APAC NZ Holdings Ltd.	New Zealand			Full			
Aquarius Capital Investments Ltd.	Ireland			Full			
ARV International Ltd.	Cayman Islands			Full			
Astir BV	Netherlands			Full			
Atargatis SNC	France			Full			
Aura Capital Investment SA	Luxembourg	31/12/2011		Full			
		31/12/2010	Incorporation	Full			
Austin Finance	France			Full			
Betul 1 à 4	France	31/12/2011	New thresholds		4		
		31/12/2010	Incorporation	Full			
Black Kite Investment Ltd.	Ireland			Full			
BNP Paribas Arbitrage Issuance BV	Netherlands			Full			
BNP Paribas Complex Fundo de Investimento Multimercado	Brazil			Full			
BNP Paribas EQD Brazil Fund Fundo Invest Multimercado	Brazil	31/12/2011		Full			
		31/12/2010	Passing qualifying thresholds	Full			
BNP Paribas Emission-und Handel. GmbH	Germany			Full			
BNP Paribas Finance Inc.	U.S.A.			Full			
BNP Paribas Islamic Issuance BV	Netherlands			Full			
BNP Paribas Proprietario Fundo de Investimento Multimercado	Brazil			Full			
BNP Paribas VPG Adonis LLC	U.S.A.	31/12/2011	Incorporation	Full			
BNP Paribas VPG Brookfin LLC (ex-BNP Paribas VPG Station Casino)	U.S.A.	31/12/2011	Incorporation	Full			
BNP Paribas VPG Brookline Cre, LLC	U.S.A.	31/12/2011		Full			
		31/12/2010	Incorporation	Full			
BNP Paribas VPG BMC Select LLC	U.S.A.	31/12/2011	Incorporation	Full			
BNP Paribas VPG CB Lender LLC	U.S.A.	31/12/2011	Incorporation	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) Entities excluded from the prudential scope of consolidation.
(3) Entities consolidated under the equity method for prudential purposes.
(4) As of 01/01/2011, the consolidation thresholds have been updates (see Summary of significant accounting policies applied by the Group § 1.b.1).

Name	Country		Change in the scope of consolidation	Method		Group voting interest (%)	Group ownership interest (%)
BNP Paribas VPG CT Holdings LLC	U.S.A.	31/12/2011	Incorporation	Full			
BNP Paribas VPG Freedom Communications LLC	U.S.A.	31/12/2011	Incorporation	Full			
BNP Paribas VPG Lake Butler LLC (ex-BNP Paribas VPG Journal Register LLC)	U.S.A.	31/12/2011	Incorporation	Full			
BNP Paribas VPG Legacy Cabinets LLC	U.S.A.	31/12/2011	Incorporation	Full			
BNP Paribas VPG Mark IV LLC	U.S.A.	31/12/2011	Incorporation	Full			
BNP Paribas VPG Master LLC	U.S.A.	31/12/2011		Full			
		31/12/2010	Incorporation	Full			
BNP Paribas VPG Medianews Group LLC	U.S.A.	31/12/2011	Incorporation	Full			
BNP Paribas VPG MGM LLC	U.S.A.	31/12/2011	Incorporation	Full			
BNP Paribas VPG Modern Luxury Media LLC	U.S.A.	31/12/2011	Incorporation	Full			
BNP Paribas VPG Northstar LLC	U.S.A.	31/12/2011	Incorporation	Full			
BNP Paribas VPG PCMC LLC	U.S.A.	31/12/2011	Incorporation	Full			
BNP Paribas VPG Reader's Digest Association LLC	U.S.A.	31/12/2011	Incorporation	Full			
BNP Paribas VPG RHI Holdings LLC	U.S.A.	31/12/2011	Incorporation	Full			
BNP Paribas VPG SBX Holdings LLC	U.S.A.	31/12/2011	Incorporation	Full			
BNP Paribas VPG SDI Media LLC	U.S.A.	31/12/2011		Full			
		31/12/2010	Incorporation	Full			
BNP Paribas VPG Semgroup LLC	U.S.A.	31/12/2011		Full			
		31/12/2010	Incorporation	Full			
BNP Paribas VPG Titan Outdoor LLC	U.S.A.	31/12/2011	Incorporation	Full			
Boug BV (ex-Bougainville BV)	Netherlands			Full			
China Jenna Finance 1 à 3 SAS	France	31/12/2011	New thresholds		4		
		31/12/2010		Full			
China Lucie Finance 1 à 3 SAS	France	31/12/2011	New thresholds		4		
		31/12/2010		Full			
China Marie Finance 1 et 2 SAS	France	31/12/2011	New thresholds		4		
		31/12/2010		Full			
China Newine Finance 1 à 4 SAS	France	31/12/2011	New thresholds		4		
		31/12/2010		Full			
China Samantha Finance 1 à 10 SAS	France	31/12/2011	New thresholds		4		
		31/12/2010		Full			
Compagnie Financière de la Porte Neuve SA	Luxembourg	31/12/2011	New thresholds		4		
		31/12/2010		Full			
Compagnie Investissement Italiens SNC	France			Full			
Compagnie Investissement Opéra SNC	France			Full			
Crisps Ltd.	Cayman Islands	31/12/2010	Dissolution				
CSACL Tiger Finance	France	31/12/2011	New thresholds		4		
		31/12/2010	Incorporation	Full			
Delphinus Titri 2010 SA	Luxembourg	31/12/2011		Full			
		31/12/2010	Incorporation	Full			
Epsom Funding Ltd.	Cayman Islands			Full			
Esra 1 à 3 SAS	France	31/12/2011	New thresholds		4		
		31/12/2010	Incorporation	Full			
Euraussie Finance SARL	Luxembourg			Full			
Fidex Ltd.	UK			Full			
Financière des Italiens SAS	France			Full			
Financière Paris Haussmann	France			Full			
Financière Taitbout	France			Full			
Fintrack Sirocco	France	31/12/2010	Merger				
Global Liberté	Ireland	31/12/2010	< thresholds				
Grenache et Cie SNC	Luxembourg			Full			
Harewood Investments N°2 à 4 Ltd.	UK	31/12/2011	< thresholds				
		31/12/2010		Full			
Harewood Investments N°5 Ltd.	Cayman Islands			Full			
Harewood Investments N°7 Ltd.	Cayman Islands	31/12/2011		Full			
		31/12/2010	Incorporation	Full			
Harewood Investment n°8 Ltd.	Cayman Islands	31/12/2011	Incorporation	Full			
Henaross Pty Ltd.	Australia	31/12/2010	< thresholds				
Iliad Investments PLC	Ireland			Full			
Leveraged Finance Europe Capital V BV	Netherlands			Full			
Liquidity Ltd.	Cayman Islands	31/12/2011		Full			
		31/12/2010	Passing qualifying thresholds	Full			
Lisia I Ltd.	Jersey	31/12/2010	Dissolution				
Marc Finance Ltd.	Cayman Islands			Full			
Méditerranéa SNC	France			Full			
Omega Capital Investments Plc	Ireland			Full			
Omega Capital Europe PLC	Ireland			Full			
Omega Capital Funding Ltd.	Ireland			Full			
Optichamps	France			Full			
Parritaye Pty Ltd.	Australia	31/12/2010	< thresholds				

Name	Country		Change in the scope of consolidation	Method		Group voting interest (%)	Group ownership interest (%)
Participations Opéra	France			Full			
Reconfiguration BV	Netherlands	31/12/2011		Full	2		
		31/12/2010	Incorporation	Full	2		
Renaissance Fund III	Japan	31/12/2011	New thresholds	Equity	4		
		31/12/2010		Full			
Renaissance Fund IV	Japan	31/12/2011	Liquidation				
		31/12/2010		Full			
Ribera del Loira Arbitrage SL	Spain			Full			
Robin Flight Ltd.	Ireland	31/12/2011	New thresholds		4		
		31/12/2010		Full			
Royale Neuve II Sarl	Luxembourg			Full			
Royale Neuve V Sarl	Luxembourg			Full			
Royale Neuve VI Sarl	Luxembourg			Full			
Royale Neuve VII Sarl	Luxembourg	31/12/2011	Passing qualifying thresholds	Full			
Royale Neuve Finance SARL	Luxembourg			Full			
Royale Neuve Investments Sarl	Luxembourg			Full			
Scaldis Capital (Ireland) Ltd.	Ireland			Full	2		
Scaldis Capital Ltd.	Jersey			Full	2		
Scaldis Capital LLC	U.S.A.	31/12/2011		Full	2		
		31/12/2010	Passing qualifying thresholds	Full	2		
Singapore Emma Finance 1 & 2 SAS	France	31/12/2011	New thresholds		4		
		31/12/2010		Full			
Stradios FCP FIS	Luxembourg	31/12/2011		Full			
		31/12/2010	Incorporation	Full			
Sunny Funding Ltd.	Cayman Islands			Full			
Swallow Flight Ltd.	Ireland	31/12/2011	New thresholds		4		
		31/12/2010		Full			
Swan 1 à 3 SAS	France	31/12/2011	New thresholds		4		
		31/12/2010		Full			
Tender Option Bond Municipal program	U.S.A.			Full			
Thunderbird Investments PLC	Ireland			Full			
Other Business Units							
Private Equity							
Cobema	Belgium			Full		100.00%	100.00%
Compagnie Financière Ottomane SA	Luxembourg			Full		96.92%	96.89%
Erbe	Belgium	31/12/2011	Partial disposal	Equity		42.51%	42.51%
		31/12/2010		Equity		47.01%	47.01%
FCM Private Equity SL	Spain	31/12/2010	< thresholds				
Fondo Nazca I FCR	Spain	31/12/2010	Dissolution				
Fortis Private Equity Asia Fund SA	Belgium	31/12/2010	< thresholds				
Fortis Private Equity Belgium NV	Belgium			Full		100.00%	74.93%
Fortis Private Equity Expansion Belgium NV	Belgium			Full		100.00%	74.93%
Fortis Private Equity France Fund	France			Full		100.00%	74.95%
Fortis Private Equity France SAS	France	31/12/2010	< thresholds				
Fortis Private Equity Management NV	Belgium	31/12/2010	< thresholds				
Fortis Private Equity Venture Belgium SA	Belgium			Full		100.00%	74.93%
Gepeco	Belgium			Full		100.00%	100.00%
Nazca Inversiones SA	Spain	31/12/2010	< thresholds				
Property companies (property used in operations)							
Antin Participation 5	France			Full		100.00%	100.00%
Ejesur	Spain	31/12/2011	New thresholds	Equity	4	100.00%	100.00%
		31/12/2010		Full		100.00%	100.00%
Foncière de la Compagnie Bancaire SAS	France			Full		100.00%	100.00%
Noria SAS	France	31/12/2011	Merger				
		31/12/2010		Full		100.00%	100.00%
Société Immobilière Marché Saint-Honoré	France			Full		100.00%	100.00%
Société d'Etudes Immobilières de Constructions - Setic	France			Full		100.00%	100.00%
Investment companies and other subsidiaries							
Ardi Immo	Luxembourg	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	100.00%
BNL International Investment SA	Luxembourg			Full		100.00%	100.00%
BNL Multiservizi SRL	Italy	31/12/2011	New thresholds		4		
		31/12/2010		Equity	1	100.00%	100.00%
BNP Paribas Home Loan SFH (ex-BNP Paribas Home Loan Covered Bonds)	France			Full		100.00%	100.00%
BNP Paribas International BV	Netherlands	31/12/2011	Merger				
		31/12/2010		Full		100.00%	100.00%
BNP Paribas Mediterranée Innovation & Technologies	Morocco			Full		100.00%	96.67%
BNP Paribas Partners for Innovation (Group)	France			Equity		50.00%	50.00%

Name	Country		Change in the scope of consolidation	Method		Group voting interest (%)	Group ownership interest (%)
BNP Paribas Public Sector(*)	France	31/12/2010		Full		100.00%	100.00%
BNP Paribas SB Re	Luxembourg			Full	3	100.00%	100.00%
BNP Paribas UK Treasury Ltd.	UK	31/12/2011	New thresholds		4		
		31/12/2010		Full		100.00%	100.00%
Compagnie d'Investissements de Paris - C.I.P	France			Full		100.00%	100.00%
Financière BNP Paribas	France			Full		100.00%	100.00%
Financière du Marché Saint Honoré	France			Full		100.00%	100.00%
Fintrimo SA	Belgium	31/12/2010	< thresholds				
Fortis Bank Reinsurance SA	Luxembourg	31/12/2011	Additional purchase	Full	3	100.00%	100.00%
		31/12/2010		Full	3	100.00%	74.93%
Fortis Money Short Term Fund	France	31/12/2010	Additional purchase & Liquidation				
		31/12/2009	Purchase	Full		100.00%	73.34%
GeneralCorp 10	Luxembourg	31/12/2011	New thresholds		4		
		31/12/2010		Full	3	100.00%	74.93%
Genfinance International SA	Belgium	31/12/2010	< thresholds				
GIE Groupement Auxiliaire de Moyens	France			Full		100.00%	100.00%
Internaxx Bank	Luxembourg	31/12/2010	Disposal				
Le Sphinx Assurances Luxembourg SA	Luxembourg			Equity	1	100.00%	100.00%
Loft Beck Ltd. (ex-Postbank Ireland Ltd)	Ireland	31/12/2011	< thresholds				
		31/12/2010		Equity		50.00%	26.71%
Margaret Inc. (ex- Montag & Caldwell Inc.)	U.S.A.	31/12/2011	< thresholds				
		31/12/2010		Full		100.00%	74.93%
Omnium de Gestion et de Developpement Immobilier	France			Full		100.00%	100.00%
Plagefin - Placement, Gestion, Finance Holding SA	Luxembourg	31/12/2011		Full		100.00%	53.43%
		31/12/2010	Partial disposal	Full		100.00%	53.43%
		31/12/2009		Full		100.00%	100.00%
Sagip	Belgium			Full		100.00%	100.00%
Société Auxiliaire de Construction Immobilière - SACI	France			Full		100.00%	100.00%
Société Orbaisienne de Participations	France			Full		100.00%	100.00%
UCB Bail 2 (ex-UCB Bail)	France			Full		100.00%	100.00%
UCB Entreprises(*)	France			Full		100.00%	100.00%
UCB Locabail immobilier 2 (ex-UCB Locabail immobilier)	France			Equity	1	100.00%	100.00%
Special Purpose Entities							
BNP Paribas Capital Trust LLC 4-6	U.S.A.			Full			
BNP Paribas Capital Preferred LLC 4-6	U.S.A.			Full			
BNP Paribas US Medium Term Notes Program	U.S.A.			Full			
BNP Paribas US Structured Medium Term Notes LLC	U.S.A.			Full			
Klépierre							
Klépierre SA	France			Full		57.45%	52.01%
Acheres 2000 SCI	France			Equity		30.00%	15.60%
Albert 31 SCI	France			Full		100.00%	43.17%
Amanda Storesenter AS	Norway			Full		100.00%	29.18%
Angoumars SNC	France	31/12/2011	Merger				
		31/12/2010		Full		100.00%	51.59%
Anpartsselskabet AF	Denmark	31/12/2010	Dissolution				
Arcol Group AS	Slovakia			Full		100.00%	52.01%
Arken Drift AS	Norway			Prop.		49.90%	14.56%
Asane Hotellutvikling AS	Norway	31/12/2011	Incorporation	Prop.		49.90%	14.56%
Asane Kontorutvikling AS	Norway	31/12/2011	Incorporation	Prop.		49.90%	14.56%
Asane Kulturutvikling AS	Norway	31/12/2011	Incorporation	Prop.		49.90%	14.56%
Asane Senter AS	Norway	31/12/2011		Prop.		49.90%	14.56%
		31/12/2010	Passing qualifying thresholds	Prop.		49.90%	14.44%
Asane Storsenter DA	Norway			Prop.		49.90%	14.56%
Aulnes Developpement SCI	France			Prop.		50.00%	13.26%
Bassin Nord SCI	France			Prop.		50.00%	26.01%
Beau Sevran Invest SCI	France			Full		100.00%	43.17%
Begles Arcins SCS	France			Full		52.00%	27.05%
Bègles Papin SCI	France			Full		100.00%	52.01%

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Belvedere Invest SARL	France	31/12/2011	Partial disposal	Full	55.00%	28.61%
		31/12/2010		Full	75.00%	38.69%
Besançon Chalezeule SCI	France	31/12/2011	Merger			
		31/12/2010		Full	100.00%	51.59%
Bestes	Czech Republic	31/12/2011	Merger			
		31/12/2010		Full	100.00%	51.59%
Bois des Fenêtres SARL	France			Equity	20.00%	10.40%
Bruun's Galleri AS	Denmark			Full	100.00%	29.18%
Bryggen Vejle AS	Denmark			Full	100.00%	29.18%
Capucine BV	Netherlands			Full	100.00%	52.01%
Carré Jaude 2	France			Full	100.00%	52.01%
CB Pierre SAS	France	31/12/2011	Merger			
		31/12/2010		Full	100.00%	51.59%
Cecobil SAS	France			Prop.	50.00%	26.01%
Cecoville SAS	France			Full	100.00%	52.01%
Centre Bourse SC	France			Full	100.00%	52.01%
Centre Jaude Clermont SAS	France			Full	100.00%	52.01%
Clivia SPA	Italy			Prop.	50.00%	26.01%
Combault SCI	France			Full	100.00%	52.01%
Compagnie Immobilière du Brabant Wallon - Coimbra SA	Belgium			Full	100.00%	52.01%
Corvin Retail	Hungary	31/12/2011	Merger			
		31/12/2010		Full	100.00%	51.59%
Corvin Vision Kft	Hungary	31/12/2011	Purchase	Full	66.66%	34.64%
Cspl 2002	Hungary			Full	100.00%	52.01%
Debrecen 2002	Hungary			Full	100.00%	52.01%
Des Dunes SCI	France			Prop.	50.00%	26.01%
Des Salines SCI	France			Prop.	50.00%	26.01%
Detaljhandelshuset i Hyllinge AB	Sweden			Full	100.00%	29.18%
Down Town Drift AS	Norway	31/12/2010	Disposal			
Du Plateau SCI	France	31/12/2011	Partial disposal	Equity	30.00%	10.22%
		31/12/2010		Equity	30.00%	12.52%
Duna Plaza	Hungary			Full	100.00%	52.01%
Duna Plaza Irodahaz	Hungary	31/12/2011	Merger			
		31/12/2010		Full	100.00%	51.59%
Ejendomsselskabet Klampenborgvej I/S	Denmark	31/12/2010	Dissolution			
Entreprenorselskapet AF	Denmark			Full	100.00%	29.18%
Fastighets AB Allum	Sweden			Full	100.00%	29.18%
Fastighets AB Borlange Kopcentrum	Sweden			Full	100.00%	29.18%
Fastighets AB Centrum Vasterort	Sweden			Full	100.00%	29.18%
Fastighets AB CentrumInvest	Sweden			Full	100.00%	29.18%
Fastighets AB Emporia	Sweden			Full	100.00%	29.18%
Fastighets AB Hageby Centrum	Sweden			Full	100.00%	29.18%
Fastighets AB Lackeraren Borlange	Sweden	31/12/2011		Full	100.00%	29.18%
		31/12/2010	Purchase	Full	100.00%	28.94%
Fastighets AB Lantmateribacken	Sweden			Full	100.00%	29.18%
Fastighets AB Marieberg Centrum	Sweden			Full	100.00%	29.18%
Fastighets AB Molndal Centrum	Sweden			Full	100.00%	29.18%
Fastighets AB Overby Kopcentrum	Sweden			Full	100.00%	29.18%
Fastighets AB P Akanten	Sweden			Full	100.00%	29.18%
Fastighets AB P Brodalen	Sweden			Full	100.00%	29.18%
Fastighets AB P Porthalla	Sweden			Full	100.00%	29.18%
Fastighets AB Sollentuna Centrum	Sweden			Full	100.00%	29.18%
Fastighets AB Uddevallatorp	Sweden			Full	100.00%	29.18%
Fastighets AB Viskaholm	Sweden			Full	100.00%	29.18%
Farmandstredet ANS	Norway			Full	100.00%	29.18%
Farmandstredet Eiendom AS	Norway			Full	100.00%	29.18%
Farmanstredet Drift AS	Norway	31/12/2010	Merger			
Field's Copenhagen IS	Denmark			Full	100.00%	29.18%
Field's Ejer I AS	Denmark			Full	100.00%	29.18%
Field's Ejer II AS	Denmark			Full	100.00%	29.18%
Foncière de Louvain la Neuve SA	Belgium			Full	100.00%	52.01%
Foncière Saint Germain SNC	France	31/12/2011	Merger			
		31/12/2010		Full	100.00%	51.59%
Forving SARL	France	31/12/2011	Additional purchase	Full	93.15%	48.45%
		31/12/2010		Full	90.00%	46.43%
Fritzoe Brygge Drift AS	Norway	31/12/2010	Dissolution			

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(1) Simplified consolidation by the equity method (non-material entities).
(2) Entities excluded from the prudential scope of consolidation.
(3) Entities consolidated under the equity method for prudential purposes.
(4) As of 01/01/2011, the consolidation thresholds have been updates (see Summary of significant accounting policies applied by the Group § 1.b.1).

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Name	Country	Change in the scope of consolidation		Method	Group voting interest (%)	Group ownership interest (%)
Galae SNC	France			Full	100.00%	52.01%
Galeria Parque Nascente - Exploracao de espaços comerciais SA	Portugal			Full	100.00%	52.01%
Galeries Drancéennes	France			Full	100.00%	52.01%
Galleria Commerciale Assago SRL	Italy			Full	100.00%	52.01%
Galleria Commerciale Cavallino SRL	Italy			Full	100.00%	52.01%
Galleria Commerciale Collegno SRL	Italy			Full	100.00%	52.01%
Galleria Commerciale Il Destriero SRL	Italy			Prop.	50.00%	26.01%
Galleria Commerciale Klépierre SRL	Italy			Full	100.00%	52.01%
Galleria Commerciale Serravalle SPA	Italy			Full	100.00%	52.01%
Galleria Commerciale Solbiate SRL	Italy			Full	100.00%	52.01%
GE Co SRL	Italy	31/12/2011	Purchase	Full	100.00%	37.08%
Général Leclerc 11-11bis Levallois SNC	France	31/12/2010	Merger			
Girardin SCI	France			Prop.	33.40%	17.37%
Gondobrico - Comercio de produtos e artigos de bricolage SA	Portugal			Full	100.00%	52.01%
Grytingen Nya AB	Sweden			Full	64.79%	18.91%
Gulskogen Prosjekt & Eiendom AS	Norway			Full	100.00%	29.18%
Gulskogen Senter ANS	Norway			Full	100.00%	29.18%
Győr 2002	Hungary			Full	100.00%	52.01%
Hamar Storsenter AS	Norway			Full	100.00%	29.18%
Hamar Storsenterdrift AS	Norway	31/12/2010	Merger			
Holding Gondomar 1 SAS	France			Full	100.00%	52.01%
Holding Gondomar 3 SAS	France			Full	100.00%	52.01%
Holding Gondomar 4 SAS	France	31/12/2011	Merger			
		31/12/2010		Full	100.00%	51.59%
Holding Klege SARL	Luxembourg			Prop.	50.00%	26.01%
Holmen Senterdrift AS	Norway	31/12/2010	Disposal			
Hovlandbanen AS	Norway			Full	100.00%	29.18%
Immo Dauland	France			Full	100.00%	43.76%
Immobiliare Gallerie Commerciali S. p. A.	Italy			Full	71.30%	37.08%
Immobilière de la Pommeraie SCI	France			Prop.	50.00%	26.01%
Investimenti Commerciali Savignano	Italy	31/12/2011	Purchase	Full	100.00%	37.08%
K2 Fund	Italy			Full	85.00%	44.21%
Kanizsa 2002	Hungary			Full	100.00%	52.01%
Kaposvar 2002	Hungary			Full	100.00%	52.01%
Karl Johansgate 16 AS	Norway	31/12/2010	Disposal			
KC 1 à 12 SNC	France			Full	100.00%	43.17%
KC20 SNC	France			Full	100.00%	43.17%
KLE 1 SAS	France			Full	100.00%	52.01%
Kle Projet 1 SAS	France			Full	100.00%	52.01%
Kleaveiro Immobiliaria SA	Portugal	31/12/2010	< thresholds			
Kleber la Perouse SNC	France			Full	100.00%	52.01%
Klecapnor SAS	France			Full	100.00%	43.75%
Klecar Europe Sud SCS	France			Full	83.00%	43.20%
Klecar Foncier Espana SA	Spain			Full	100.00%	43.17%
Klecar Foncier Iberica SA	Spain			Full	100.00%	43.20%
Klecar France SNC	France			Full	83.00%	43.17%
Klecar Italia SPA	Italy			Full	100.00%	43.17%
Klecar Participations Italie SAS	France			Full	83.00%	43.17%
Klefin Italia SPA	Italy			Full	100.00%	52.01%
Klege Portugal SA	Portugal			Prop.	50.00%	26.01%
Klelou Imobiliaria SA	Portugal			Full	100.00%	52.01%
Klementine BV	Netherlands			Full	100.00%	52.01%
Kleminho Imobiliaria SA	Portugal			Full	100.00%	52.01%
Klemurs SAS	France			Full	84.11%	43.75%
Klenord Imobiliaria SA	Portugal			Full	100.00%	52.01%
Klepierre Athinon Foncière	Greece			Full	100.00%	43.17%
Klépierre Conseil SNC	France			Full	100.00%	52.01%
Klepierre Corvin	Hungary			Full	100.00%	52.01%
Klépierre Créteil SCI	France			Full	100.00%	52.01%
Klepierre CZ SRO	Czech Republic			Full	100.00%	52.01%
Klépierre Finance SAS	France			Full	100.00%	52.01%
Klepierre Galeria Krakow SP z.o.o	Poland			Full	100.00%	52.01%
Klepierre Galeria Poznan SP z.o.o	Poland	31/12/2011	Merger			
		31/12/2010		Full	100.00%	51.59%
Klepierre Krakow SP z.o.o	Poland			Full	100.00%	52.01%
Klepierre Larissa Ltd.	Greece			Full	100.00%	52.01%
Klepierre Lublin SP z.o.o	Poland			Full	100.00%	52.01%
Klépierre Luxembourg SA	Luxembourg			Full	100.00%	52.01%

Name	Country	Change in the scope of consolidation		Method	Group voting interest (%)	Group ownership interest (%)
Klepierre Makedonia Foncière	Greece			Full	100.00%	43.17%
Klepierre Matera SRL	Italy			Full	100.00%	52.01%
Klepierre Meteores	Luxembourg	31/12/2010	Merger			
Klepierre Molina	Spain	31/12/2011	Incorporation	Full	100.00%	52.01%
Klepierre NEA Efkarpia Foncière	Greece			Full	100.00%	43.17%
Klepierre Nordica BV	Netherlands			Full	100.00%	52.01%
Klépierre Participations et Financements SAS	France			Full	100.00%	52.01%
Klepierre Perivola of Patra Foncière	Greece			Full	100.00%	43.17%
Klepierre Plzen AS	Czech Republic			Full	100.00%	52.01%
Klepierre Pologne SP z.o.o	Poland			Full	100.00%	52.01%
Klepierre Portugal SGPS SA	Portugal			Full	100.00%	52.01%
Klepierre Poznan SP z.o.o	Poland			Full	100.00%	52.01%
Klepierre Praha SRO (ex-Entertainment Plaza)	Czech Republic			Full	100.00%	52.01%
Klepierre Rybnik SP z.o.o	Poland			Full	100.00%	52.01%
Klepierre Sadyba SP z.o.o	Poland			Full	100.00%	52.01%
Klepierre Sosnowiec SP z.o.o	Poland			Full	100.00%	52.01%
Klépierre Tourville	France	31/12/2011	Merger			
		31/12/2010		Full	100.00%	51.59%
Klepierre Trading Energia Kereskedelmi es Szolgaltato KFT	Hungary			Full	100.00%	52.01%
Klepierre Vallecas SA	Spain			Full	100.00%	52.01%
Klepierre Vinaza SA	Spain	31/12/2011	Merger			
		31/12/2010		Full	100.00%	51.59%
Kletel Imobiliaria SA	Portugal			Full	100.00%	52.01%
Kletransactions SNC	France			Full	100.00%	52.01%
Krakow Plaza SP z.o.o	Poland			Full	100.00%	52.01%
Krokstadelva Senterdrift AS	Norway	31/12/2010	Disposal			
KS Down Town Senter	Norway	31/12/2010	Dissolution			
KS Down Town Senter II	Norway	31/12/2010	Dissolution			
KS Markedet	Norway			Full	100.00%	29.18%
Kvadrat Drift AS	Norway	31/12/2010	Disposal			
L'Emperi SCI	France	31/12/2010	Disposal			
La Française SCI	France			Prop.	50.00%	26.01%
La Plaine du Moulin à vent SCI	France			Prop.	50.00%	26.01%
La Rive SCI	France	31/12/2011	Additional purchase	Full	85.00%	44.21%
		31/12/2010	Additional purchase	Full	51.50%	26.57%
		31/12/2009		Full	47.30%	24.22%
La Rocade SCI	France			Equity	38.00%	19.76%
La Rocade Ouest SCI	France			Equity	36.73%	19.10%
La Roche Invest SCI	France			Full	100.00%	52.01%
Le Champs de Mais SCI	France			Equity	40.00%	20.80%
Le Champs des Haies SCI	France			Full	60.00%	31.21%
LC SCI	France	31/12/2011		Full	100.00%	45.77%
		31/12/2010	Additional purchase	Full	100.00%	45.40%
		31/12/2009		Full	60.00%	18.43%
Le Barjac Victor SNC	France	31/12/2011	Merger			
		31/12/2010		Full	100.00%	51.59%
Le Grand Pré SCI	France			Full	60.00%	31.21%
Le Havre Lafayette SNC	France			Prop.	50.00%	26.01%
Le Havre Vauban SNC	France			Prop.	50.00%	26.01%
Le Mais SCI	France	31/12/2011		Full	80.00%	41.61%
		31/12/2010	Additional purchase	Full	80.00%	41.27%
		31/12/2009		Full	60.00%	30.72%
Le Plateau des Haies SCI	France	31/12/2011	Additional purchase	Full	100.00%	52.01%
		31/12/2010		Full	90.00%	46.43%
Les Bas Champs SCI	France			Prop.	50.00%	26.01%
Les Boutiques de Saint Maximin	France			Equity	42.50%	22.10%
Les Boutiques d'Osny SCI	France	31/12/2011	Disposal			
		31/12/2010		Full	67.00%	19.74%
Les Cinémas de l'Esplanade SA	Belgium			Full	100.00%	52.01%
Les Haies de la Haute Pommeraie SCI	France			Full	53.00%	27.57%
Les Jardins des Princes à Boulogne Billancourt SNC	France	31/12/2011	Merger			
		31/12/2010		Full	100.00%	51.59%
Lille Eiendom AS	Norway			Full	66.00%	19.26%
LP7 SAS	France			Full	100.00%	52.01%
Markedet Haugesund AS	Norway	31/12/2011	Incorporation	Full	100.00%	29.18%
Mass Center Torp AB	Sweden			Full	100.00%	29.18%
Maximeuble SCI	France	31/12/2011	Merger			
		31/12/2010		Full	100.00%	51.59%
Metro Drift AS	Norway	31/12/2010	Merger			
Metro Senter ANS	Norway			Prop.	50.00%	14.59%
Miskolc 2002	Hungary			Full	100.00%	52.01%
MittiCity i Karlstad FAB	Sweden			Full	100.00%	29.18%
Molndal Centrum Byggnads FAB	Sweden			Full	100.00%	29.18%

Name	Country		Change in the scope of consolidation	Method	Group voting interest (%)	Group ownership interest (%)
Molndal Centrum Koljan 1FAB	Sweden	31/12/2011		Full	100.00%	29.18%
		31/12/2010	Purchase	Full	100.00%	28.94%
Molndal Centrum Karpen 12 FAB	Sweden	31/12/2011		Full	100.00%	29.18%
		31/12/2010	Purchase	Full	100.00%	28.94%
Mosseporten Drift AS	Norway	31/12/2010	Disposal			
Movement Poland SA	Poland			Full	100.00%	52.01%
Nancy Bonsecours SCI	France			Full	100.00%	52.01%
Nerstranda AS	Norway			Full	100.00%	29.18%
Nerstranda Drift AS	Norway	31/12/2010	Merger			
Noblespecialiste	France	31/12/2009	Merger			
Nordal ANS	Norway			Prop.	50.00%	14.59%
Nordbyen Senter AS	Norway	31/12/2011	Incorporation	Full	100.00%	29.18%
Nordbyen Senterforening AS	Norway			Full	69.20%	20.19%
Nordica Holdco AB	Sweden			Full	56.10%	29.18%
Norsk Kjopesenterforvaltning AS	Norway			Full	100.00%	29.18%
North Man Sverige AB	Sweden			Full	100.00%	29.18%
Nyiregyhaza Plaza	Hungary			Full	100.00%	52.01%
Odysseum Place de France SAS	France			Prop.	50.00%	26.01%
Okern Eiendom ANS	Norway			Prop.	50.00%	14.59%
Okern Holding AS	Norway	31/12/2010	Merger			
Okern Sentrum ANS	Norway			Prop.	50.00%	14.59%
Okern Sentrum AS	Norway			Prop.	50.00%	14.59%
Okern Sentrum Drift AS	Norway	31/12/2010	Merger			
Os Alle 3 AS	Norway			Full	100.00%	29.18%
Os Alle Drift AS	Norway	31/12/2010	Merger			
Osny Invest SCI	France	31/12/2011	Disposal			
		31/12/2010		Full	57.12%	29.47%
Ostfoldhallen Drift AS	Norway	31/12/2010	Disposal			
Ostra Centrum i Kristianstad Fastighets AB	Sweden	31/12/2011	Purchase	Full	100.00%	29.18%
Parc de Coquelles SNC	France			Prop.	50.00%	26.01%
Partille Lexby AB	Sweden			Full	100.00%	29.18%
Pasteur SNC	France			Full	100.00%	52.01%
Pilsen Plaza SRO	Czech Republic	31/12/2011	Merger			
		31/12/2010		Full	100.00%	51.59%
Place de l'accueil SA	Belgium			Full	100.00%	52.01%
Pommeraie Parc SC	France			Full	60.00%	31.21%
Poznan Plaza SP z.o.o	Poland	31/12/2011	Liquidation	Full	100.00%	51.59%
		31/12/2010		Full	100.00%	52.01%
Progest	France			Full	51.00%	26.53%
Proreal SARL	France			Full	51.00%	26.53%
Prosjektselskabet af 10.04.2001 APS	Denmark			Full	100.00%	29.18%
Rebecca SCI	France			Full	70.00%	36.41%
Reze Sud SA	France	31/12/2010	Disposal			
Ruda Slaska Plaza SP z.o.o	Poland			Full	100.00%	52.01%
Rybnik Plaza SP z.o.o	Poland	31/12/2010	Liquidation			
Sadyba Best Mall Spzoo (ex-Klepierre Warsaw Sp z.o.o)	Poland			Full	100.00%	52.01%
Sadyba Center SA	Poland			Full	100.00%	52.01%
Saint Maximin Construction SCI	France			Full	55.00%	28.61%
Sandens Drift AS	Norway	31/12/2010	Disposal			
Sandri-Rome SCI	France	31/12/2010	Disposal			
Seco valde SCI	France			Full	55.00%	28.61%
Ségécé	France			Full	100.00%	52.01%
Ségécé Ceska Republika SRO	Czech Republic			Full	100.00%	52.01%
Ségécé Espana SLU	Spain			Full	100.00%	52.01%
Ségécé Hellas Réal Estate Management SA	Greece			Full	100.00%	52.01%
Ségécé India Private Ltd.	India			Full	100.00%	52.01%
Ségécé Italia SRL	Italy			Full	100.00%	52.01%
Ségécé Magyarorszag	Hungary			Full	100.00%	52.01%
Ségécé Polska SP z.o.o	Poland			Full	100.00%	52.01%
Ségécé Portugal SA	Portugal			Full	100.00%	52.01%
Ségécé Slovensko SRO	Slovakia			Full	100.00%	52.01%
Senterdrift Asane Senter AS	Norway	31/12/2010	Merger			
Sjosiden AS	Norway	31/12/2011	Disposal			
		31/12/2010		Full	100.00%	28.94%
Sjosiden Drift AS	Norway	31/12/2010	Merger			
Slagenveien AS	Norway	31/12/2011	Incorporation	Full	100.00%	29.18%

Name	Country		Change in the scope of consolidation	Method	Group voting interest (%)	Group ownership interest (%)
Soaval - Société d'aménagement et de valorisation de la Gare Saint-Lazare SAS	France			Full	100.00%	52.01%
Soccendre SNC	France	31/12/2010	Liquidation			
Société des Centres d'Oc et d'Oïl - SCOO SC	France			Full	100.00%	74.03%
Société civile pour la location du centre commercial régional de Créteil SOLOREC	France			Full	80.00%	41.61%
Sodevac SNC	France			Full	100.00%	52.01%
Sogegamar SCI	France	31/12/2010	Disposal			
Sosnowiec Plaza z.o.o	Poland	31/12/2010	Liquidation			
Stavanger Storsenter AS	Norway			Full	100.00%	29.18%
Steen & Strom AS	Norway			Full	100.00%	29.18%
Steen & Strom CenterDrift AS	Denmark			Full	100.00%	29.18%
Steen & Strom Centerudvikling IV AS	Denmark			Full	100.00%	29.18%
Steen & Strom Centerudvikling V AS	Denmark			Full	100.00%	29.18%
Steen & Strom CenterUdvikling VI AS	Denmark			Full	100.00%	29.18%
Steen & Strom Centerservice AS	Denmark			Full	100.00%	29.18%
Steen & Strom Danmark AS	Denmark			Full	100.00%	29.18%
Steen & Strom Drift AS	Norway	31/12/2010	Disposal			
Steen & Strom Eiendomsforvaltning AS	Norway	31/12/2010	Merger			
Steen & Strom Holding AB	Sweden			Full	100.00%	29.18%
Steen & Strom Holding AS	Denmark			Full	100.00%	29.18%
Steen & Strom Invest Amanda Senterdrift AS	Norway	31/12/2010	Merger			
Steen & Strom Invest AS	Norway	31/12/2009	Merger			
Steen & Strom Invest Gulskogen Senterdrift AS	Norway	31/12/2010	Merger			
Steen & Strom Invest Lillestrom Senterdrift AS	Norway	31/12/2010	Merger			
Steen & Strom Invest Lillestrom Torv AS	Norway			Full	100.00%	29.18%
Steen & Strom Invest Markedet Drift AS	Norway	31/12/2010	Merger			
Steen & Strom Narvik AS	Norway	31/12/2010	Disposal			
Steen & Strom Norge AS	Norway			Full	100.00%	29.18%
Steen & Strom Senterservice AS	Norway			Full	100.00%	29.18%
Steen & Strom Stavanger Drift AS	Norway	31/12/2010	Merger			
Steen & Strom Sverige AB	Sweden			Full	100.00%	29.18%
Storm Holding Norway AS	Norway			Full	100.00%	29.18%
Stovner Senter AS	Norway			Full	100.00%	29.18%
Stovner Senterdrift AS	Norway	31/12/2010	Merger			
Svenor AS	Norway	31/12/2011	Liquidation			
		31/12/2010		Full	100.00%	28.94%
Szeged Plaza	Hungary			Full	100.00%	52.01%
Szolnok Plaza	Hungary			Full	100.00%	52.01%
Tillertorget Drift AS	Norway	31/12/2010	Disposal			
Torvbyen Drift AS	Norway			Full	38.00%	11.09%
Torvbyen Senter AS	Norway			Full	100.00%	29.18%
Torvbyen Utvikling AS	Norway			Full	100.00%	29.18%
Torvhjornet Lillestrom ANS	Norway			Full	100.00%	29.18%
Uj Alba 2002	Hungary			Full	100.00%	52.01%
Valdebac SCI	France	31/12/2011		Full	100.00%	28.61%
		31/12/2010	Incorporation	Full	100.00%	28.37%
Vannes Coutume SAS	France	31/12/2011	Merger			
		31/12/2010		Full	100.00%	51.59%
Vastra Torp Mark AB	Sweden			Full	100.00%	29.18%
Vintebro Senter DA	Norway			Full	100.00%	29.18%
Vinterbro Eiendomsdrift AS	Norway	31/12/2010	Merger			
Zalaegerszeg Plaza	Hungary			Full	100.00%	52.01%

(*) 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) Entities excluded from the prudential scope of consolidation.
(3) Entities consolidated under the equity method for prudential purposes.
(4) As of 01/01/2011, the consolidation thresholds have been updates (see Summary of significant accounting policies applied by the Group § 1.b.1).

8.c CHANGE IN THE GROUP'S INTEREST AND MINORITY INTERESTS IN THE CAPITAL AND RETAINED EARNINGS OF SUBSIDIARIES

During 2011, the BNP Paribas Group continued internal and external restructuring transactions in connection with the activities of BNP Paribas Fortis, which were starded in 2010.

These transactions led to changes in the Group's interest and that held by minority shareholders in the Group's equity in respect of the relevant subsidiaries. The same applied as a result of the acquisition by BNP Paribas of the minority shareholders' interest in Findomestic and Fauchier.

➤ INTERNAL RESTRUCTURING THAT LED TO A CHANGE IN MINORITY SHAREHOLDERS' INTEREST IN THE EQUITY OF SUBSIDIARIES

In millions of euros	31 December 2011		31 December 2010	
	Attributable to shareholders	Minority interests	Attributable to shareholders	Minority interests
Disposal of Fortis Bank Branches' assets to BNP Paribas branches at same location	(37)	37	(203)	203
Partial disposal of BNP Paribas Investment Partners to BNP Paribas Fortis & to BGL BNP Paribas			292	(292)
Total disposal of BNP Paribas Investment Partners BE Holding (previously FIM) to BNP Paribas Investment Partners			(269)	269
Full disposal of BNP Paribas Luxembourg to BGL BNP Paribas			224	(224)
Total disposal of Fortis Capital Corporation and its subsidiaries to Banexi holding Corp	(30)	30	(63)	63
Other	(13)	13	(4)	4
TOTAL	**(80)**	**80**	**(23)**	**23**

➤ ACQUISITIONS OF ADDITIONAL INTERESTS AND PARTIAL SALES OF INTERESTS LEADING TO CHANGES IN MINORITY INTERESTS IN THE EQUITY OF SUBSIDIARIES

In millions of euros	31 December 2011		31 December 2010	
	Attributable to shareholders	Minority interests	Attributable to shareholders	Minority interests
Fauchier	**(24)**	**(4)**	**(16)**	**5**
During the first quarter of 2010, BNP Paribas Investment Partners bought out minority shareholders interests representing 12.5% of the capital, lifting its percentage interest to 100%				
Findomestic	**(291)**	**(337)**		
BNP Paribas Personal Finance bought out minority shareholders interests representing 25% of the capital, lifting its percentage interest to 100%				
Restructuring in Turkey	**23**	**(129)**		
BNP Paribas restructured its activities in Turkey then bought a 6% stake in TEB Bank from minority shareholders, taking its ownership to 56.99% (see note 8.d)				
Ukrsibbank			**(14)**	**(130)**
On 1 October 2010, BNP Paribas subscribed to the full amount of UkrSibbank's capital increase then bought out minority shareholders interests, lifting its percentage interest in the subsidiary to 100%.				
Other		**(7)**	**(23)**	**(12)**
TOTAL	**(292)**	**(477)**	**(53)**	**(137)**

In connection with the acquisition of certain entities, the Group has granted minority shareholders put options on their holdings at a predetermined price.

The total value of these obligations, which are recorded as a reduction in shareholders' equity, amounted to EUR 157 million at 31 December 2011, down from EUR 161 million at 31 December 2010.

8.d BUSINESS COMBINATIONS

Business combinations realised in 2011

Acquired subsidaries	Segment	Country	Acquired percentage	Acquisition price	Goodwill	Net cash inflow	Key figures on acquisition date: Assets		Liabilities (In millions of euros)	
Fortis Commercial Finance Holding NV										
	RB	The Netherlands	100%	100	9	(11)	Loans and receivables due from customers	1,458	Due to financial institutions	867
									Due to customers	463
Fortis Luxembourg Vie										
	IS	Luxembourg	16.66%	114	(1)	175	Financial assets at fair value through profit or loss	7,280	Technical reserves of insurance companies	7,750
BNL Vita										
	IS	Italy	51%	325	120	(144)	Financial assets at fair value through profit or loss	3,555	Technical reserves of insurance companies	11,545
							Available-for-sale financial assets	6,979		

Fortis Commercial Finance

On 10 June 2011, BNP Paribas Fortis and ABN AMRO reached an agreement under which BNP Paribas Fortis acquired the international network of Fortis Commercial Finance, except for its Dutch activities.

The assets acquired from Fortis Commercial Finance, a leading factoring company operating in 12 European and Asian countries, were combined with BNP Paribas Factoring to serve BNP Paribas' institutional clients in Europe and Asia.

The deal extends the reach of the Group's factoring network to six new countries: the UK, Germany, Poland, Denmark, Luxembourg and Hong Kong. This acquisition makes the Group one of Europe's leading factoring players. Fortis Commercial Finance has been fully consolidated since 4 October 2011, and did not make a material contribution to Group full-year earnings.

BNL Vita

On 22 December 2009, Cardif Assicurazioni, an Italian subsidiary of BNP Paribas, reached an agreement with insurance group Unipol to acquire its 51% stake in their BNL Vita bancassurance joint venture. Since 29 September 2011, the BNP Paribas Group has held 100% of BNL Vita. The application of accounting standards relating to business combinations resulted in the recognition of goodwill when the Group took control of BNL Vita on the Group's total stake in this subsidiary.

BNL Vita was founded in 1987 and is the sixth largest player in the Italian bancassurance market. It distributes its life insurance products through the branch network of BNL, the Group's Italian bank. BNL Vita has been fully consolidated since 30 September 2011, and its contribution to full-year 2011 earnings was not material.

Cardif Lux International / Fortis Luxembourg Vie SA

On 7 June 2011, Ageas, BGL BNP Paribas and BNP Paribas Cardif signed an agreement to merge Fortis Luxembourg Vie with Cardif Lux International. Ageas and BGL BNP Paribas previously each owned 50% of Fortis Luxembourg Vie (which was accounted for under the equity method by the BNP Paribas Group in line with its 50% stake). BNP Paribas Cardif previously owned 100% of Cardif Lux International (fully consolidated by the BNP Paribas Group). After the transaction, the BNP Paribas Group owned 66.66% of the combined unit, which has been fully consolidated since 31 December 2011.

The business name of the combined unit is Cardif Lux Vie, which is now a major player in the distribution of life insurance and protection insurance in the Luxemburgian market.

TEB Bank

Following the acquisition of Fortis Banque SA, an agreement foreseeing the merger of TEB and Fortis Bank Turkey was reached between BNP Paribas, the Colakoglu group (co- shareholder of TEB since 2005) and BNP Paribas Fortis. The merger of the two entities was voted on by the general shareholder's meetings of the two banks the 25 January 2011 and achieved the 14 February. The TEB governance principles were extended to the new entity which is consolidated using the proportional integration method. The Colakoglu group has an option to sell its share in TEB Holding, the holding company controlling TEB, to the BNP Paribas Group at fair value starting from 15 February 2012. This option includes a minimum price on the historical stake of the Colakoglu Group of 1,633 million Turkish Liras starting 1 April 2014.

Through a public tender offer, the BNP Paribas Group also acquired 6% of the quoted shares of the new TEB Bank entity in June 2011.

Business combinations realised in 2010

Antin Epargne Pension

On 30 April 2010, BNP Paribas Assurance finalised the acquisition of Dexia Epargne Pension, a Dexia Group subsidiary specialising in high-end insurance. The company's products and services, aimed at banking partners and independent wealth management advisers, will be sold under the "Antin Epargne Pension" brand instead of "Dexia Epargne Pension". The Antin Epargne Pension Group has been fully consolidated since 30 June 2010 and its contribution to the Group's 2010 results was not material.

8.e COMPENSATION AND BENEFITS AWARDED TO THE GROUP'S CORPORATE OFFICERS

Remuneration and benefits policy relating to the Group's corporate officers

Remuneration paid to the Group's corporate officers

The remuneration paid to the Group's corporate officers is determined by the method recommended by the Compensation committee and approved by the Board of Directors.

This remuneration 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.

Fixed salaries

The fixed annual salary of Baudouin Prot, Chief Executive Officer until 1 December 2011, was EUR 950,000, reduced to EUR 850,000 from the time of his appointment as Chairman.

The fixed salary of EUR 200,000 that Jean-Laurent Bonnafé received as Chief Executive Officer of BNP Paribas Fortis, a position he held until 1 March 2011, was from that date included in his salary as Group Chief Operating Officer. The fixed salary of Jean-Laurent Bonnafé was increased from EUR 800,000 to EUR 1,050,000 from the time of his appointment as Chief Executive Officer on 1 December 2011.

The fixed salary of Georges Chodron de Courcel, Chief Operating Officer, remained EUR 600,000.

The fixed annual salaries of Philippe Bordenave and François Villeroy de Galhau, Chief Operating Officers, were set at EUR 580,000 and EUR 450,000 respectively from the time of their appointment on 1 December 2011.

Variable salaries

The variable portion of corporate officers' remuneration is determined based on a target bonus calculated as a proportion of their fixed salary. It fluctuates depending on criteria linked to the Group's performance, from the managerial performance of corporate officers and the Board of Directors' assessment of BNP Paribas' risk and liquidity policy. The variable portion is intended to reflect the effective contribution made by corporate officers to the success of BNP Paribas, in relation to the Chairman, notably in respect of the duties he performs pursuant to the Internal Rules that do not relate exclusively to the organisation and functioning of the Board, and in relation to the Chief Executive Officer and Chief Operating Officers, notably in respect to their respective duties as executives of an international financial services group.

Group performance criteria:

Group performance criteria account for 75% of the target variable remuneration and is 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 target variable remuneration).
  - Achievement of the Group's budgeted gross operating income (37.5% of target variable remuneration).
- Chief Operating Officers:
  - Change in earnings per share (18.75% of target variable remuneration).
  - Achievement of the Group's budgeted gross operating income (18.75% of target variable remuneration).
  - Change in net income before tax of businesses for which they are responsible (18.75% of target variable remuneration).
  - Achievement of budgeted gross operating income of businesses for which they are responsible (18.75% of target variable remuneration).

Personal objective-based criteria:

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

- *foresight:* define a vision, prepare for the future, foster a spirit of innovation, carry out succession planning for and open up the international horizons of senior executives;
- *decision-making:* determine, with the relevant managers, and take the requisite measures for the Group's development, its internal efficiency and the adequacy of its risk management, internal control and capital management policy;
- *leadership:* recognise behaviour consistent with the Group's values (commitment, ambition, creativity, responsiveness). Promote initiative-taking and internal cooperation. Instil a culture of change and performance.

The variable portion of compensation linked to personal criteria is limited to 25% of the target variable compensation.

Criteria related to the risk and liquidity policy:

The criteria related to the risk and liquidity policy relate solely to the Chief Executive Officer and Chief Operating Officers. The proportion of variable remuneration corresponding to these criteria depends on the achievement of several measurable and predetermined objectives. It may be granted only where the variable remuneration linked to Group performance indicators is at least equal to the corresponding proportion of the target remuneration.

Each of the individual components of corporate officers' remuneration is capped at a percentage of their fixed salary. The Board of Directors ensures that changes in the remuneration granted to corporate officers are consistent with each of the criteria stated above and, first and foremost, the trend in the Group's earnings. It reports on this matter to the Shareholders' General Meeting.

The Board of Directors decided that 60% of the variable compensation awarded to the corporate officers in 2011 with respect to 2010 would be deferred for three years. The deferred portion is subject to a return-on-equity condition, and half of the deferred portion is indexed to the share price. Half of the non-deferred portion was postponed for six months and indexed to the share price. The Board of Directors renewed the provisions for variable compensation awarded in 2012 in respect of 2011, setting the proportion of deferred compensation at 60% for Michel Pébereau, Baudouin Prot, Jean-Laurent Bonnafé, Philippe Bordenave and Georges Chodron de Courcel and at 40% for François Villeroy de Galhau.

Long-term compensation of corporate officers in the event of a rise in the share price

BNP Paribas' corporate officers did not receive any stock options or performance shares in 2011.

To align the interests of the Group's executives with its long-term business progress, the Board of Directors has introduced a fully conditional compensation system, based on the share price over a five-year period. The system gives no scope for choosing the exercise date, and limits gains in the event that the share price rises sharply.

No compensation will be paid in respect of this system if, in 2016, the share price has risen by less than 5% relative to 2011. Even if the share price rises by more than 5%, payment of compensation would be subject to a performance criterion relating to the BNP Paribas share price being achieved each year. According to this condition, the fraction corresponding to the allocation may be maintained, reduced or lost from one year to the next. The amount paid would depend on the increase in the share price over five years. Any increase in the amount paid will be less than any increase in the share price and, if the share price has risen sharply.

Before approving this system, which applied to Baudouin Prot, Jean-Laurent Bonnafé and Georges Chodron de Courcel in 2011, the Board of Directors checked with AFEP-MEDEF's compliance committee that the system complied with the AFEP-MEDEF Corporate Governance Code.

The carrying value of this contingent long-term compensation at the grant date (12 April 2011) was EUR 492,506 for Baudouin Prot, EUR 399,744 for Jean-Laurent Bonnafé and EUR 323,780 for Georges Chodron de Courcel.

Post-employment benefits

Termination benefits

Corporate officers are not entitled to any contractual compensation on termination of office.

Retirement bonuses

Under an agreement authorised by the Board of Directors and terminating the employment contract of Baudouin Prot, BNP Paribas undertook to pay Mr Prot, when he leaves the Group to take retirement, EUR 150,000 corresponding to the retirement bonus he would have received under the agreement relating to the Banque Nationale de Paris staff provident fund.

Jean-Laurent Bonnafé (Chief Executive Officer) and Philippe Bordenave, Georges Chodron de Courcel and François Villeroy de Galhau (Chief Operating Officers) are entitled as a result of their initial employment contracts to the standard retirement bonus benefits awarded to all BNP Paribas SA employees.

Supplementary pension plans(1)

The defined-benefit plans previously granted to Group executives formerly employed by BNP, Paribas or Compagnie Bancaire have all been converted into top-up type schemes. The amounts allocated to the beneficiaries were fixed when the previous schemes were closed to new entrants.

A similar procedure was applied to Baudouin Prot (Chairman of the Board of Directors) and Georges Chodron de Courcel (Chief Operating Officer). Pursuant to Articles L.137.11 and R. 137.16 of the French Social Security Code, Baudouin Prot and Georges Chodron de Courcel now belong to a contingent collective top-up pension plan. Under this plan, their pensions will be calculated (subject to their still being part of the Group on retirement) on the basis of the fixed and variable remuneration received in 1999 and 2000, with no possibility of acquiring any subsequent rights.

The amount of retirement benefits, including the pensions paid out by the general French Social Security scheme and the ARRCO and AGIRC top-up schemes, plus any additional banking industry pension arising from the industry-wide agreement that took effect on 1 January 1994 and pension rights acquired as a result of payments by the employer into top-up funded schemes, is capped at 50% of the above-mentioned remuneration amounts.

These retirement benefits will be revalued from 1 January 2002 until their actual payment date, based on the average annual rate of increase in pension benefits paid by the French Social Security, ARRCO and AGIRC schemes. The increase in potential pension rights for 2010 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.

(1) AFEP-MEDEF Corporate Governance Code (point 20-2-5).

These obligations were covered by provisions recorded by Banque Nationale de Paris. The amount of these provisions was adjusted when these legacy plans were closed and the obligations transferred to an external insurance company.

The benefits deriving from the pension schemes described above have always been taken into account by the Board of Directors when determining the overall remuneration of corporate officers. During 2009, the Board of Directors formally recorded that this plan was compliant with the provisions of the AFEP-MEDEF Corporate Governance Code.

Michel Pébereau is covered by the aforementioned pension scheme with respect to his duties before 1 December 2011. The net amount paid to him in 2011 by the insurance company to which the corresponding commitments have been transferred was EUR 49,856. Michel Pébereau did not receive any compensation when his term of office as Chairman came to an end on 1 December 2011.

The Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officers belong to the defined-contribution pension plan set up for all BNP Paribas SA employees, in accordance with article 83 of the French General Tax Code. The amount of contributions paid by the Company in 2011 was EUR 389 per beneficiary.

Welfare benefit plans

The Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officers are entitled to the same flexible welfare benefits (death and disability cover, as well as the common healthcare benefit scheme) as all BNP Paribas SA employees and corporate officers.

They are also entitled to the same benefits under the Garantie Vie Professionnelle Accidents death/disability cover plan as all BNP Paribas SA employees, and to the supplementary plan set up for members of the Group's Executive Committee, which pays out additional capital of EUR 1.10 million in the event of work-related death or total and permanent disability.

	Employment contract		Top-up pension plan		Benefits or payments due or likely to fall due owing to the cessation or change in duties(3)		Payment under a no-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
M. Baudouin PROT		√(1)	√		√			√
M. Jean-Laurent BONNAFÉ	√		√(2)		√			√
M. Georges CHODRON de COURCEL	√		√		√			√
M. Philippe BORDENAVE	√		√(2)		√			√
M. François VILLEROY de GALHAU	√		√(2)		√			√

(1) Contract terminated on 6 May 2011.

(2) Jean-Laurent Bonnafé, Philippe Bordenave et François Villeroy de Galhau are only entitled to the defined-contribution plan set up for all BNP Paribas SA employees, in accordance with article 83 of the French General Tax Code.

(3) See above. Post-employment benefits. Retirement bonuses under the plan applicable to all BNP Paribas SA employees.

The table below shows gross remuneration paid for the year to 31 December 2010, including benefits in kind and directors' fees for 2011.

Compensation payable for 2011 *In euros*	Compensation			Directors' fees[4]	Benefits in kind[6]	Total compensation[7]
	Fixed[1]	Variable paid in 2012	Variable Deferred[3]			
Michel PÉBEREAU						
(Period from 01/01/2011 to 30/11/2011)	641,667	195,000	292,500	40,876	3,780	1,173,823
(for 2010)	*(700,000)*	*(260,000)[2]*	*(390,000)*	*(37,160)*	*(4,124)*	*(1,391,284)*
Baudouin PROT						
Chairman of the Board of Directors	941,667	471,970	707,956	91,796	3,926	2,166,394
(for 2010)	*(950,000)*	*(669,621)[2]*	*(1,004,432)*	*(84,907)*	*4,055*	*(2,665,268)*
Jean-Laurent BONNAFÉ						
Chief Executive Officer	820,833	463,106	694,659	97,087	3,197	2,020,548
(for 2010)	*(800,000)*	*(543,500)[2]*	*(815,250)*	*(76,870)*	*(3,333)*	*(2,199,032)*
Georges CHODRON de COURCEL						
Chief Operating Officer	600,000	305,143	457,714	106,133	4,141	1,366,998
(for 2010)	*(600,000)*	*(440,218)[2]*	*(660,326)*	*(115,225)*	*(3,840)*	*(1,704,384)*
Philippe BORDENAVE						
Chief Operating Officer						
(Period from 01/12/2011 to 31/12/2011)	48,333	25,842	38,763	[5]	13	112,951
(for 2010)						
François VILLEROY de GALHAU						
Chief Operating Officer						
(Period from 01/12/2011 to 31/12/2011)	37,500	33,321	22,214	[5]	260	93,295
(for 2010)						
Total compensation payable to the Group's corporate officers for 2011						6,934,009
(for 2010)						*(7,959,968)*

(1) Salary effectively paid in 2011.
(2) These amounts correspond to variable compensation paid in respect of 2010 and paid in 2011 respectively.
(3) See comments above.
(4) Michel Pébereau did not receive any Directors' fees other than from BNP Paribas SA.
Mr Baudouin Prot does not receive any Directors' fees from any Group companies other than from BNP Paribas SA and Erbé. Directors' fees received from Erbé are deducted from his variable compensation.
Jean-Laurent Bonnafé does not receive any Directors' fees from any Group companies other than from BNP Paribas SA, BNP Paribas Fortis, BNL and Personal Finance. The Directors' fees received by Jean-Laurent Bonnafé in respect of BNP Paribas Fortis, BNL and Personal Finance are deducted from his variable compensation.
Georges Chodron de Courcel does not receive any Directors' fees from any Group companies other than from BNP Paribas Suisse, Erbé and BNP Paribas Fortis. The Directors' fees received by Georges Chodron de Courcel from these companies are deducted from his variable compensation.
(5) Philippe Bordenave and François Villeroy de Galhau have not received any Dir[ec]tors' fees since 1 December 2011, the start date their term of office.
(6) 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. Philippe Bordenave did not benefit from a company car in respect of his previous duties.
(7) Total compensation after Directors' fees deducted from variable compensation.

The table below shows gross remuneration payable for the year to 31 December 2011, including benefits in kind and directors' fees.

Compensation paid in 2011 *In euros*	Compensation		Directors' fees	Benefits in kind	Total compensation(2)
	Fixed	Variable(1)			
Michel PÉBEREAU					
(Period from 01/01/2011 to 30/11/2011)	641,667	397,129	40,876	3,780	1,083,453
(for 2010)	*(700,000)*	*(280,000)(2)*	*(37,160)*	*(4,124)*	*(1,021,284)*
Baudouin PROT					
Chairman of the Board of Directors	941,667	799,042	91,796	3,926	1,836,430
(for 2010)	*(950,000)*	*(651,910)(2)*	*(84,907)*	*4,055*	*(1,690,872)*
Jean-Laurent BONNAFÉ					
Chief Executive Officer	820,833	513,619	97,087	3,197	1,434,736
(for 2010)	*(800,000)*	*(629,683)(2)*	*(76,870)*	*(3,333)*	*(1,509,886)*
Georges CHODRON de COURCEL					
Chief Operating Officer	600,000	435,540	106,133	4,141	1,145,814
(for 2010)	*(600,000)*	*(337,698)(2)*	*(115,225)*	*(3,840)*	*(1,056,763)*
Philippe BORDENAVE					
Chief Operating Officer (Period from 01/12/2011 to 31/12/2011)	48,333	690(3)	(4)	13	49,036
(for 2010)					
François VILLEROY de GALHAU					
Chief Operating Officer (Period from 01/12/2011 to 31/12/2011)	37,500	690(3)	(4)	260	38,450
(for 2010)					
Total compensation payable to the Group's corporate officers for 2011					5,587,919
(for 2010)					*(5,278,805)*

(1) The amounts shown also include variable compensation itself, exceptional compensation and deductions corresponding to the recovery of Directors' fees.
Michel Pébereau's variable compensation paid in 2011 in respect of 2010 includes the payment in December 2011 for untaken leave (EUR 67,200).
Baudouin Prot's variable compensation paid in 2011 in respect of 2010 was reduced by EUR 47,747, representing the recovery of Directors' fees received in 2010.
Georges Chodron de Courcel's variable compensation paid in 2011 in respect of 2010 was reduced by EUR 115,225, representing the recovery of Directors' fees received in 2010.
Jean-Laurent Bonnafé's variable compensation paid in 2011 in respect of 2010 was reduced by EUR 38,212 representing the recovery of Directors' fees received in 2010.
(2) Amount paid in 2010.
(3) Bonus received in December 2011 awarded under a company-wide agreement to all BNP Paribas SA full-time employees present for the duration of 2010.
(4) Philippe Bordenave and François Villeroy de Galhau have not received any Directors' fees since 1 December 2011, the start date their term of office.
The average payroll tax rate on this compensation in 2011 was 32.3% (33.8% in 2010).

BENEFITS AWARDED TO THE CORPORATE OFFICERS

Benefits awarded to the Group's corporate officers	2011	2010
Post-employment benefits		
Retirement bonuses		
Present value of the benefit obligation	746,318 €	516,531 €
Contingent collective defined-benefit top-up pension plan		
Total present value of the benefit obligation	18.5 M€[1]	30.7 M€
Defined contribution pension plan		
Contributions paid by the Company during the year	1,588 €	1,524 €
Welfare benefits		
Premiums paid by the Company during the year	74,263 €	133,717 €

(1) Including the additional contribution of 30%.

DIRECTOR'S FEES PAID TO MEMBERS OF THE BORD OF DIRECTORS

In euros	Director's fees paid in 2011	Director's fees paid in 2010
Patrick AUGUSTE[1]	26,861	46,503
Claude BÉBÉAR	48,009	35,568
Suzanne BERGER[2]	23,358	44,592
Jean-Laurent BONNAFÉ	38,753	12,918
Jean-Marie GIANNO	47,034	45,443
François GRAPPOTTE[2]	45,317	71,696
Denis KESSLER	74,466	59,669
Meglena KUNEVA	36,629	9,202
Jean-François LEPETIT	65,524	44,380
Nicole MISSON[3]	17,624	-
Laurence PARISOT	41,726	39,071
Michel PÉBEREAU	40,876	37,160
Hélène PLOIX	45,972	46,503
Baudoin PROT	40,876	37,160
Louis SCHWEITZER	60,239	60,654
Michel TILMANT	56,590	42,469
Emiel VAN BROEKHOVEN	55,528	44,592
Daniela WEBER-REY	55,528	47,034
Fields WICKER-MIURIN[4]	20,597	-
TOTAL	**841,507**	**724,614**

(1) Term of office ended 30 June 2011.
(2) Term of office ended 11 May 2011. Until now, François Grappotte has been Chairman of the Internal Control, Risk Management and Compliance Committee.
(3) Term of office beginning 1 July 2011.
(4) Term of office beginning 11 May 2011.

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 the Note on salaries and employee benefits (share-based payment).

Although the provisions of this programme apply to corporate officers, the Board of Directors did not want to use it in 2011.

➤ OPTIONS GRANTED AND EXERCISED IN 2011

Stock subscription options granted to and/or exercised by the Group's corporate officers	Number of options	Exercise price *(in euros)*	Grant date	Plan expiry date	Individual allocation valuation		Individual allocation as a percentage of share capital
					in euros	as a percentage of the recognised expense	
Options granted in 2011	Nil	-	-	-	-	-	-
Options exercised in 2011							
Michel PÉBEREAU	147,571	47.37	15/05/2001	14/05/2011			
Baudouin PROT	94,818	47.37	15/05/2001	14/05/2011			
Georges CHODRON de COURCEL	4,675	35.87	21/03/2003	20/03/2013			
Options granted in 2010	Nil	-	-	-	-	-	-
Options exercised in 2010							
Michel PÉBEREAU	80,000	47.37	15/05/2001	14/05/2011			
Baudouin PROT	50,000	47.37	15/05/2001	14/05/2011			

SUMMARY OF COMPENSATION AND STOCK OPTIONS PAID TO INDIVIDUAL CORPORATE OFFICERS

In euros		2011	2010
Michel PÉBEREAU			
(Period from 01/01/2011 to 30/11/2011)	Remuneration for the year	1,173,823	1,391,284
	Value of stock options granted during the year	Nil	Nil
TOTAL		**1,173,823**	**1,391,284**
Baudouin PROT			
Chairman of the Board of Directors	Remuneration for the year	2,166,394	2,665,268
	Long-term compensation – carrying amount at date of grant (12 April 2011)	492,506	
	Value of stock options granted during the year	Nil	Nil
TOTAL		**2,658,900**	**2,665,268**
Jean-Laurent BONNAFÉ			
Chief Executive Officer	Remuneration for the year	2,020,548	2,199,032
	Long-term compensation – carrying amount at date of grant (12 April 2011)	399,744	
	Value of stock options granted during the year	Nil	Nil
TOTAL		**2,420,292**	**2,199,032**
Georges CHODRON de COURCEL			
Chief Operating Officer	Remuneration for the year	1,366,998	1,704,384
	Long-term compensation – carrying amount at date of grant (12 April 2011)	323,780	
	Value of stock options granted during the year	Nil	Nil
TOTAL		**1,690,778**	**1,704,384**
Philippe BORDENAVE			
Chief Operating Officer (Period from 01/12/2011 to 31/12/2011)	Remuneration for the year	112,951	
	Value of stock options granted during the year	Nil	Nil
TOTAL		**112,951**	
François VILLEROY de GALHAU			
Chief Operating Officer (Period from 01/12/2011 to 31/12/2011)	Remuneration for the year	93,295	
	Value of stock options granted during the year	Nil	Nil
TOTAL		**93,295**	

The table shows the number of outstanding options held by the Group's corporate officers at 31 December 2011.

Originating company	BNP Paribas	BNP Paribas	BNP Paribas	BNP Paribas	BNP Paribas	BNP Paribas	BNP Paribas	BNP Paribas	BNP Paribas
Date of grant	21/03/2003	24/03/2004	25/03/2005	05/04/2006	08/03/2007	18/04/2008	08/04/2009	05/03/2010	04/03/2011
Michel PÉBEREAU	232,717	-	103,418	102,521	51,265	51,265	-	-	-
Baudouin PROT	201,688	-	155,125	184,537	174,300	174,299	-	-	-
Jean-Laurent BONNAFÉ	-	-	41,368	51,261	61,518	61,517	-	-	-
Georges CHODRON de COURCEL	-	-	62,052	92,269	92,277	102,529	-	-	-
Philippe BORDENAVE	38,484	-	41,368	36,908	36,911	41,012	41,014	24,900	18,660
François VILLEROY de GALHAU	-	7,750	15,514	15,379	15,380	15,380	41,014	24,900	18,660
NUMBER OF OPTIONS OUTSTANDING AT END-2011(1)	**472,889**	**7,750**	**418,845**	**482,875**	**431,651**	**446,002**	**82,028**	**49,800**	**37,320**

(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.

Performance shares:

Under the Global Share-Based Incentive Plan implemented in favour of the categories of employees described in note 7.e, Philippe Bordenave and François Villeroy de Galhau have received fully conditional performance shares.

Originating company	BNP Paribas		BNP Paribas	
Date of grant	05/03/2010		04/03/2011	
Vesting date	05/03/2013		04/03/2014	
Date of availability	06/03/2015		04/03/2016	
Performance conditions	yes		yes	
	Number of shares	Valuation(1)	Number of shares	Valuation(1)
Philippe BORDENAVE	3,105	155,250	4,665	223,174
François VILLEROY de GALHAU	3,105	155,250	4,665	223,174
TOTAL	**6,210**	**310,500**	**9,330**	**446,347**

(1) Valuation at the grant date of the shares according to the method described in note 7.e.

Note that no corporate officers held performance shares available at 31 December 2011.

Holding of shares resulting from the exercise of stock options

The Board of Directors confirms that the Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officers were required to hold a quantity of shares resulting from the exercising of stock options until they stand down from office. For Jean-Laurent Bonnafé, this holding requirement is set at 50% of the capital gain net of acquisition realised on options awarded as of 1 September 2008, the date when he was appointed corporate officer. This holding requirement applies to Philippe Bordenave and François Villeroy de Galhau for options awarded to them as of 1 December 2011.It will be deemed as having been met once the thresholds defined below in respect of holding shares are reached by means of shares resulting from the exercising of stock options.

The Board of Directors has decided that Baudouin Prot and Georges Chodron de Courcel are still required to hold the minimum quantity of shares for the duration of their term of office. This quantity had previously been set at 80,000 shares for Baudouin Prot and 30,000 shares for Georges Chodron de Courcel. It was also decided that the minimum quantity of shares that Jean-Laurent Bonnafé will be required to hold for the duration of his term of office will be increased from 30,000 shares to 80,000 shares, in line with the number of shares set for Baudouin Prot in his capacity as Chief Executive Officer. Jean-Laurent Bonnafé must comply with this obligation, through the direct ownership of shares or units in the Company Savings Plan fully invested in BNP Paribas shares, no later than by 1 December 2014, that is three years after his appointment as Chief Executive Officer.

In consideration of their respective compensation, the Board of Directors has set the minimum quantity of shares that must be held by Philippe Bordenave and François Villeroy de Galhau for the duration of their term of office in the form of shares or units in the Company Savings Plan fully invested in BNP Paribas shares. This minimum quantity has been set at 30,000 shares for Philippe Bordenave and 20,000 shares for François Villeroy de Galhau. This obligation must be complied with no later than 1 December 2016.

Remuneration and benefits awarded to employee-elected directors

Total compensation paid in 2011 to employee-elected directors based on their actual attendance amounted to EUR 155,426 (EUR 99,785 in 2010), including EUR 53,763 with respect to the retirement bonus of a Director exercising his retirement rights and excluding directors fees. The total amount of directors' fees paid in 2011 to employee-elected directors was EUR 93,346 (EUR 91,945 in 2010). These sums were paid directly to the trade union bodies of the directors concerned.

Employee-elected directors are entitled to the same death/disability cover and the same Garantie Vie Professionnelle Accidents benefits as all BNP Paribas SA employees, as well as healthcare expense coverage. The total amount of premiums paid into these schemes by BNP Paribas in 2010 on behalf of the employee-elected directors was EUR 1,746 (EUR 1,619 in 2010).

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 2010 on behalf of these corporate officers was EUR 717 (EUR 706 in 2010). 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 2011, total outstanding loans granted directly or indirectly to the Group's corporate officers amounted to EUR 3,416,297 (EUR 3,286,908 at 31 December 2010). It represents the total amount of loans granted to BNP Paribas' corporate officers and their spouses. These loans representing normal transactions were carried out on an arm's length basis.

8.f RELATED PARTIES

Other related parties of the BNP Paribas Group comprise consolidated companies (including entities consolidated under the equity method) and entities managing post-employment benefit plans offered to Group employees (except for multi-employer and multi-industry schemes).

Transactions between the BNP Paribas Group and related parties are carried out on an arm's length basis.

Relations between consolidated companies

A list of companies consolidated by the BNP Paribas Group is provided in note 8.b "Scope of consolidation". 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 companies over which BNP Paribas exercises joint control (accounted for by the proportionate consolidation method), showing only the proportion not eliminated on consolidation, and 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 2011		31 December 2010	
	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	29	40	91	456
Loans	4,058	3,082	4,111	1,240
Securities	312	17	195	77
Finance leases	6	-	5	-
Non-trading securities held in the portfolio.	479	2	550	850
Other assets	**11**	**110**	**3**	**67**
TOTAL	**4,895**	**3,251**	**4,955**	**2,690**
LIABILITIES				
Deposits				
Demand accounts	94	2,212	102	1,811
Other borrowings	88	79	69	44
Debt securities	**67**	**32**	**65**	**177**
Other liabilities	**11**	**14**	**17**	**28**
TOTAL	**260**	**2,337**	**253**	**2,060**
FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS				
Financing commitments given	**795**	**581**	**777**	**568**
Guarantee commitments given	**153**	**73**	**120**	**185**
TOTAL	**948**	**654**	**897**	**753**

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, etc.) and financial instruments (equities, bonds, etc.).

RELATED-PARTY PROFIT AND LOSS ITEMS

In millions of euros	Year to 31 Dec. 2011		Year to 31 Dec. 2010	
	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	**145**	**93**	**122**	**115**
Interest expense	*(4)*	*(45)*	*(5)*	-
Commission income	**18**	**314**	**20**	**120**
Commission expense	*(60)*	*(28)*	*(65)*	*(46)*
Services provided	**1**	**72**	**5**	**54**
Services received	-	*(96)*	-	*(344)*
Lease income	**2**	**7**	**2**	**28**
TOTAL	**102**	**317**	**79**	**(73)**

Entities managing post-employment benefit plans offered to Group employees

The main post-employment benefits of the BNP Paribas Group are retirement bonus plans, and top-up defined-benefit and defined-contribution pension plans.

In Belgium, BNP Paribas Fortis funds a number of pension schemes managed by AG Insurance in which the BNP Paribas Group has an 18.73% 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 pension plans for BNP Paribas Switzerland's employees.

At 31 December 2011, the value of plan assets managed by Group companies or by companies over which the Group exercises significant influence was EUR 3,164 million (EUR 3,111 million at 31 December 2010).

Amounts received relating to services provided by Group companies in the year to 31 December 2011 totalled EUR 4.1 million, and mainly is comprised of management and custody fees (EUR 4.3 million in 2010).

8.g BALANCE SHEET BY MATURITY

The table below gives a breakdown of the balance sheet by contractual maturity. The maturity of financial assets and liabilities at fair value through profit or loss within the trading portfolio is deemed to be "undetermined" insofar as these instruments are intended to be sold or redeemed before their contractual maturity dates. The maturities of variable-income financial assets classified as available for sale, derivative hedging instruments, remeasurement adjustments on interest-rate risk hedged portfolios and undated subordinated debt are also deemed to be "undetermined". Since the majority of technical reserves of insurance companies are considered as demand deposits, they are not presented in this table.

In millions of euros, at 31 December 2011	Not determined	Overnight or demand	Up to 1 month (excl. overnight)	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Cash and amounts due from central banks and post office banks		58,382						58,382
Financial assets at fair value through profit or loss	820,463							820,463
Derivatives used for hedging purposes	9,700							9,700
Available-for-sale financial assets	17,479		5,581	13,589	17,681	50,398	87,740	192,468
Loans and receivables due from credit institutions	-	16,117	11,244	8,304	3,182	7,966	2,556	49,369
Loans and receivables due from customers	-	55,011	57,993	56,878	72,762	198,788	224,402	665,834
Remeasurement adjustment on interest-rate risk hedged portfolios	4,060							4,060
Held-to-maturity financial assets			-	299	212	4,188	5,877	10,576
FINANCIAL ASSETS BY MATURITY	**851,702**	**129,510**	**74,818**	**79,070**	**93,837**	**261,340**	**320,575**	**1,810,852**
Due to central banks and post office banks		1,231						1,231
Financial liabilities at fair value through profit or loss	723,492		513	2,167	6,131	22,644	7,848	762,795
Derivatives used for hedging purposes	14,331							14,331
Due to credit institutions		21,234	49,429	21,475	6,159	42,282	8,575	149,154
Due to customers		319,719	126,907	31,467	27,547	27,030	13,614	546,284
Debt securities			28,020	31,856	27,896	49,713	20,301	157,786
Subordinated debt	3,507		23	445	2,360	5,325	8,023	19,683
Remeasurement adjustment on interest-rate risk hedged portfolios	356							356
FINANCIAL LIABILITIES BY MATURITY	**741,686**	**342,184**	**204,892**	**87,410**	**70,093**	**146,994**	**58,361**	**1,651,620**

In millions of euros, at 31 December 2010	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		33,568						33,568
Financial assets at fair value through profit or loss	832,945							832,945
Derivatives used for hedging purposes	5,440							5,440
Available-for-sale financial assets	17,397		6,734	10,629	29,947	56,659	98,592	219,958
Loans and receivables due from credit institutions	-	12,949	14,577	7,714	7,381	8,591	11,506	62,718
Loans and receivables due from customers	12	56,314	62,104	56,170	75,625	209,000	225,461	684,686
Remeasurement adjustment on interest-rate risk hedged portfolios	2,317							2,317
Held-to-maturity financial assets			-	281	54	5,729	7,709	13,773
FINANCIAL ASSETS BY MATURITY	**858,111**	**102,831**	**83,415**	**74,794**	**113,007**	**279,979**	**343,268**	**1,855,405**
Due to central banks and post office banks		2,123						2,123
Financial liabilities at fair value through profit or loss	674,280		539	2,491	9,917	25,800	12,078	725,105
Derivatives used for hedging purposes	8,480							8,480
Due to credit institutions		28,248	86,138	20,586	11,357	13,238	8,418	167,985
Due to customers		337,186	139,416	38,018	21,202	26,575	18,517	580,913
Debt securities			39,224	54,288	50,891	48,228	16,037	208,669
Subordinated debt	3,316		-	41	471	8,610	12,312	24,750
Remeasurement adjustment on interest-rate risk hedged portfolios	301							301
FINANCIAL LIABILITIES BY MATURITY	**686,377**	**367,557**	**265,317**	**115,424**	**93,838**	**122,451**	**67,362**	**1,718,326**

The majority of the financing and guarantee commitments given, which amounted to EUR 253,298 million and EUR 106,096 million respectively at 31 December 2011 (EUR 314,731 million and EUR 102,563 million respectively at 31 December 2010), can be drawn at sight.

8.h FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTISED COST

The information supplied in this note must be used and interpreted with the greatest caution for the following reasons:

- These fair values are an estimate of the value of the relevant instruments as of 31 December 2011. 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 2011		31 December 2010	
	Carrying value(1)	Estimated fair value	Carrying value(1)	Estimated fair value
FINANCIAL ASSETS				
Loans and receivables due from credit institutions	46,369	49,316	62,718	63,868
Loans and receivables due from customers	665,834	683,398	684,686	702,077
Held-to-maturity financial assets	10,576	11,135	13,773	14,487
FINANCIAL LIABILITIES				
Due to credit institutions	149,154	149,879	167,985	168,360
Due to customers	546,284	547,992	580,913	581,894
Debt securities	157,786	154,419	208,669	208,921
Subordinated debt	19,683	16,243	24,750	23,649

(1) The carrying amount does not include the remeasurement of portfolios of financial instruments in fair value hedging relationships. At 31 December 2011, this is included within "Remeasurement adjustment on interest-rate risk hedged portfolios" as EUR 4,060 million under assets, and EUR 356 million under liabilities (EUR 2,317 million and EUR 301 million, respectively, at 31 December 2010).

The fair value of a financial instrument is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The valuation techniques and assumptions used by BNP Paribas ensure that the fair value of financial assets and liabilities is measured on a consistent basis throughout the Group. Fair value is based on prices quoted in an active market when these are available. In other cases, fair value is determined using valuation techniques such as discounting of estimated future cash flows for loans, liabilities and held-to-maturity financial assets, or specific valuation models for other financial instruments as described in note 1, "Principal accounting policies applied by the BNP Paribas Group". In the case of loans, liabilities and held-to-maturity financial assets that have an initial maturity of less than one year (including demand deposits) or are granted on floating-rate terms, fair value equates to carrying amount. The same applies to most regulated savings products.

8.i CONTINGENT LIABILITIES: LEGAL PROCEEDING AND ARBITRATION

Legal action has been taken against several Algerian and international banks, including BNP Paribas El Djazair, a BNP Paribas SA subsidiary, for administrative errors in processing international trade financing applications. BNP Paribas El Djazair has been accused of non-compliance with foreign exchange regulations in seven cases before Algerian courts. BNP Paribas El Djazair was ordered by a lower court to pay fines of approximately EUR 200 million. Three of these cases were subsequently overturned on appeal, including the case involving the most significant amount (EUR 150 million). Two other appeals rulings have upheld fines totalling EUR 52 million. All of these rulings have been appealed before the Cassation Court, and execution has been suspended pending the outcome of these appeals pursuant to Algerian law. BNP Paribas El Djazair will continue to vigorously defend itself before the Algerian courts with a view to obtaining recognition of its good faith towards the authorities, which suffered no actual damage.

On 27 June 2008, the Republic of Iraq filed a lawsuit in New York against approximately 90 international companies that participated in the oil-for-food ("OFF") programme and against BNP Paribas as holder of the OFF account on behalf of the United Nations. The complaint alleges, notably, that the defendants conspired to defraud the OFF programme, thereby depriving the Iraqi people of more than USD 10 billion in food, medicine and other humanitarian goods. The complaint also contends that BNP Paribas breached purported fiduciary duties and contractual obligations created by the banking services agreement binding BNP Paribas and the United Nations. The complaint is pleaded under the US Racketeer Influenced and Corrupt Organisations Act ("RICO") which allows treble damages if damages are awarded. The complaint has been served and the defendants, including BNP Paribas, moved to dismiss the action in its entirety on a number of different legal grounds. Pleadings on the merits are expected to be made in 2012.

Following discussions with the U.S. Department of Justice and the New York County District Attorney's Office, the Bank is conducting an internal review of certain U.S. dollar payments involving countries, persons and entities that could be subject to U.S. sanctions, in order to determine whether the Bank has in the conduct of its business complied with sanction regulations including those of the Office of Foreign Assets Control. It should be noted that similar reviews conducted by numerous financial institutions relating to actual or purported violations of Office of Foreign Assets Control regulations have resulted in settlements involving the payment of fines and penalties, some of which have been significant depending on the circumstances of each matter.

The Bank and certain of its subsidiaries are defendants in several actions pending before the United States Bankruptcy Court Southern District of New York brought by the Trustee appointed for the liquidation of Bernard L.Madoff Investment Securities LLC ("BLMIS"). These actions, known generally as "clawback claims", are similar to those brought by the BLMIS Trustee against numerous institutions, and seek recovery of amounts allegedly received by the BNP Paribas entities from BLMIS or indirectly through BLMIS-related "feeder funds" in which BNP Paribas entities held interests. The BLMIS Trustee claims in these actions that the amounts which BNP Paribas entities received are avoidable and recoverable under the U.S. Bankruptcy Code and New York state law. In the aggregate, the amounts sought to be recovered in these actions approximates $1.2 billion. BNP Paribas has substantial and credible defenses to these actions and is defending against them vigorously.

Various legal disputes and enquiries are ongoing relating to the restructuring of the Fortis Group, now Ageas, of which Fortis Bank is no longer part. Whether Fortis Bank (now BNP Paribas Fortis) is party or not to the proceedings, the possibility cannot be ruled out that legal action already taken or which may result from current legal disputes or enquiries may seek to obtain money from BNP Paribas Fortis, and hence from the BNP Paribas Group. BNP Paribas will oppose firmly any attempts of this kind.

There are no other government, legal or arbitration proceedings of which the Company is aware that are likely to have or have had within the last 12 months a significant impact on the financial position or profitability of the Company and/or Group.

8.j FEES PAID TO THE STATUTORY AUDITORS

In 2011, *Excluding tax, in thousands of euros*	Deloitte		PricewaterhouseCoopers		Mazars		Total	
	Total	%	Total	%	Total	%	Total	%
Audit								
Statutory audits and contractual audits, including								
Issuer	3,639	19%	4,505	25%	1,230	12%	9,374	18%
Consolidated subsidiaries	10,775	55%	9,625	53%	8,927	84%	29,327	61%
Other reviews and services directly related to the statutory audit engagement, including								
Issuer	348	2%	986	5%	121	1%	1,455	4%
Consolidated subsidiaries	535	3%	1,815	10%	332	3%	2,682	6%
Sub-total	**15,297**	**79%**	**16,931**	**93%**	**10,610**	**100%**	**42,838**	**89%**
Other services provided by the networks to fully-or proportionally-consolidated subsidiaries								
Tax and legal	20	0%	54	1%	2	0%	76	0%
Others	4,047	21%	1,133	6%	47	0%	5,227	11%
Sub-total	**4,067**	**21%**	**1,187**	**7%**	**49**	**0%**	**5,303**	**11%**
TOTAL	**19,364**	**100%**	**18,118**	**100%**	**10,659**	**100%**	**48,141**	**100%**

In 2010, *Excluding tax, in thousands of euros*	Deloitte		PricewaterhouseCoopers		Mazars		Total	
	Total	%	Total	%	Total	%	Total	%
Audit								
Statutory audits and contractual audits, including								
Issuer	4,162	17%	4,438	22%	1,187	11%	9,787	18%
Consolidated subsidiaries	10,641	45%	10,157	51%	8,654	84%	29,452	55%
Other reviews and services directly related to the statutory audit engagement, including								
Issuer	253	1%	451	2%	202	2%	906	2%
Consolidated subsidiaries	2,229	10%	3,836	19%	190	2%	6,255	11%
Sub-total	**17,285**	**73%**	**18,882**	**94%**	**10,233**	**99%**	**46,400**	**86%**
Other services provided by the networks to fully-or proportionally-consolidated subsidiaries								
Tax and legal	106	0%	191	1%	-	0%	297	0%
Others	6,363	27%	924	5%	99	1%	7,386	14%
Sub-total	**6,469**	**27%**	**1,115**	**6%**	**99**	**1%**	**7,683**	**14%**
TOTAL	**23,754**	**100%**	**19,997**	**100%**	**10,332**	**100%**	**54,083**	**100%**

The audit fees paid to auditors which are not members of the network of one of the auditors certifying the consolidated financial statements and the non-consolidated financial statements of BNP Paribas SA, mentioned in the table above, amount to EUR 1,468 thousand for the year 2011 (EUR 2,325 thousand in 2010).

Other work and services related directly to audit work, mainly work on financial transactions, opinions on the Group's approach to implementing accounting standards and controls, reviews of the entity's compliance with regulatory provisions and reviews of internal control quality by comparison with international standards (such as ISAE 3402 and SAS 70) as part of services provided to customers, particularly in the securities and asset management businesses.

Other services provided by the networks to consolidated subsidiaries mainly comprise services provided by Deloitte to Luxembourg entities in connection with the business reorganisations that followed the merger between BNP Paribas and BGL BNP Paribas entities.

4.7 Statutory Auditors' report on the consolidated financial statements

For the year ended 31 December 2011

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

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

BNP Paribas

16 boulevard des Italiens

75009 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2011, on:

- the audit of the accompanying consolidated financial statements of BNP Paribas;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II - Justification of our assessments

The accounting estimates used in the preparation of the consolidated financial statements for the year ended 31 December 2011 were made in an uncertain environment marked by an economic crisis and a liquidity crisis, which makes it difficult to assess the economic outlook. It is in this context that, in accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de Commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Impairment provisions for credit and counterparty risk

BNP Paribas records impairment provisions to cover the credit and counterparty risk inherent to its business as described in notes 1.c.5, 2.f, 4, 5.f and 5.g to the consolidated financial statements. We examined the control procedures applicable to identifying exposures, monitoring credit and counterparty risk, impairment testing methods and determining individual and portfolio-based impairment losses, notably regarding Greek sovereign risk.

Measurement of financial instruments

BNP Paribas uses internal models and methodologies to value its positions on financial instruments which are not traded on active markets, as well as to determine certain provisions and assess whether hedging designations are appropriate. We examined the control procedures applicable to the identification of inactive markets, the conditions for reclassifying financial instruments, the verification of these models and the determination of the inputs used.

Impairment of available-for-sale assets

BNP Paribas recognises impairment losses on available-for-sale assets where there is objective evidence of a prolonged or significant decline in value, as described in notes 1.c.5, 2.d and 5.c to the consolidated financial statements. We examined the control procedures relating to the identification of such evidence, the valuations of the most significant captions, and the estimates used, where applicable, to record impairment losses.

Impairment related to goodwill

BNP Paribas carried out impairment tests on goodwill which led to the recording of impairment losses in 2011, as described in notes 1.b.4 and 5.o to the consolidated financial statements. We examined the methods used to implement these tests as well as the main assumptions, inputs and estimates used, where applicable, to record impairment losses.

Deferred tax assets

BNP Paribas recognised deferred tax assets during the year, notably in respect of tax loss carryforwards, as described in notes 1.k, 2.g and 5.k to the consolidated financial statements. We examined the main estimates and assumptions used to record those deferred tax assets.

Provisions for employee benefits

BNP Paribas raises provisions to cover its employee benefit obligations, as described in notes 1.h and 7.b to the consolidated financial statements. We examined the method adopted to measure these obligations, as well as the main assumptions and inputs used.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, 7 March 2012

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
Pascal Colin	Patrice Morot	Guillaume Potel

5 PILLAR 3

The purpose of Pillar 3 – market discipline, is to complement the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2) with a set of disclosures completing the usual financial disclosures. It is designed to allow market participants to evaluate key items of information such as scope of application, capital, exposure to different types of risk, risk assessment procedures, and, consequently, capital adequacy with respect to the institution's risk profile.

This chapter meets on the one hand the obligations set forth in Title IX of the French Decree of 20 February 2007[1] on capital requirements for credit institutions and investment firms which applies to the consolidated BNP Paribas Group (see article 1), and on the other hand the accounting standards requirements relating to the nature and the extent of the risks. Pillar 3 information is not subject to an external audit and thus is not addressed for verification to the Statutory Auditors of the Group. However, some information required by accounting standards IFRS 7, IFRS 4 and IAS 1 is included in this chapter and covered by the opinion of the Statutory Auditors on the consolidated financial statements. This information is identified by the mention "[Audited]" and must be read as being part of the notes to the consolidated financial statements.

5.1 Scope of application

The prudential scope of application defined in the French Decree of 20 February 2007 on capital requirements is not the same as the accounting scope of consolidation whose composition concerns the application of IFRS standards.

PRUDENTIAL SCOPE

In accordance with French banking regulation[1], BNP Paribas Group has defined a prudential scope to monitor capital adequacy ratios calculated on consolidated data.

The prudential scope is described in note 8.b to the Financial Statements. It will be noted in particular that:

- insurance companies are consolidated using the equity method and are subject to a deduction from Tier 1 capital according to French regulation CRBF 90-02 modified by the Decree of 20 February 2007;
- asset disposals and risk transfers are assessed with regard to the nature of the risk transfer that results; thus, securitisation vehicles are excluded from the prudential scope if the securitisation transaction is deemed effective, that is, providing a significant risk transfer;

The consolidation principles and the scope of consolidation in accordance with the accounting consolidation method used are described respectively in notes 1.b and 8.b to the Financial Statements.

(1) Issued by the French Ministry of the Economy, Finance and Industry of 20 February 2007, modified by the decrees of 19 October 2007, of 11 September 2008, of 29 October 2009, of 25 August 2010, of 13 December 2010 and of 23 November 2011.

(2) CRBF Regulation 2000-03 of 6 September 2000.

The Group holds a share greater than 10% in credit and financial institutions. The following list presents the participations higher than fifty million euros at 31 December 2011:

BNP Paribas Malaysia Berhad
Credit Logement
Instituto per il Credito Sportivo
Margaret, Inc.
Sicovam Holding

Due to the classification of these entities as credit and financial institutions, those shares were deducted from the prudential equity as of 31 December 2011.

SIGNIFICANT SUBSIDIARIES

The capital requirements of BNP Paribas' significant subgroups and subsidiaries are given in Appendix.

The following subgroups are considered significant, based on the criterion that their risk-weighted assets amount to more than 3% of the Group's total risk-weighted assets at 31 December 2011:

- BNP Paribas Fortis;
- Banca Nazionale del Lavoro (BNL);
- BancWest;
- BNP Paribas Personal Finance.

The risk-weighted assets reported correspond to the sub-consolidation scope of each group. Information related to the concerned perimeters are described in note 8.b to the Financial Statements under the following headings: Belux Retail Banking, Retail Banking in Italy (BNL banca commerciale), Retail Banking in the United States and BNP Paribas Personal Finance. Differences between consolidation and prudential perimeters exist for these four significant subsidiaries, as mentioned in section 5.1.

INDIVIDUAL MONITORING BY THE FRENCH SUPERVISOR

Two entities, BNP Personal Finance and BNP Paribas Home Loan SFH, are monitored individually by the French supervisor (*Autorité de Contrôle Prudentiel*), according to the supervisor's guidelines and pursuant to discussions between this authority and BNP Paribas.

5.2 Risk management [Audited][(1)]

Risk appetite is defined as the risk level by type of risk BNP Paribas is willing to accept in support of its business strategy.

At Group level, risk appetite is expressed through:

- risk appetite principles and related metrics, specified in four categories:
  - risk adjusted profitability and growth,
  - capital adequacy,
  - funding and liquidity,
  - concentration;
- key qualitative principles, especially on risks that are hardly quantifiable by nature such as reputation risk or certain operational risks, as well as qualitative guidelines stemming from the decisions of the various Executive Management risk forums.

The risk appetite thus defines BNP Paribas' overall medium to long term tolerance for risk taking. This statement allows to:

- define an explicit and forward-looking view of the Group's desired risk profile;
- guide risk taking activities within the boundaries of the stated risk appetite, and enhance the consistency of risk practices throughout the Group;
- monitor risk profile, thus contributing to proactively manage risks, capital and liquidity in a controlled and optimized way;
- facilitate the dialogue with the Board and with the supervisors.

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 these methods (so called "prudential scope") is defined in section 5.1.

Since the first-time consolidation of the Fortis sub-Group entities acquired by BNP Paribas in 2009 and the launch of convergence work on the rating systems applied within the Group, the convergence of methodologies is subject to a procedure worked out with the Autorité de Contrôle Prudentiel, whereby the French supervisor ("home") has to approve common methodologies jointly with its local counterparts ("hosts"), principally the Belgian and Luxemburgish supervisors. Pending completion of the convergence work, the Group applies a mixed approach to calculate risk-weighted assets based on methods validated by the regulators in France, Belgium and Luxembourg, according to the relevant scope.

The information presented in this chapter reflects all the risks carried by the Group, which are measured as consistently as possible.

In addition to the regulatory-required information about its banking risks, BNP Paribas has provided information about the risks related to its insurance business, in section 5.12, "Insurance risks".

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 core businesses, business lines and territories and reports directly to Group Executive Management. The Group Compliance (GC) function monitors the operational risk under the authority of GRM, which is responsible for all the risk management procedures, and the reputation risk as part of its permanent control responsibilities.

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, Risk and Compliance 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 Department, Group Compliance Department and Information Technology & Processes Department). 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.

(1) In the Registration document, information identified by the ranking "Audited" are information which are integral part of the notes to the consolidated financial statements under the information required by IFRS 7, IFRS 4 and IAS1, and are covered by the opinion of the Statutory Auditors on the consolidated Financial statements.

RISKS CATEGORIES

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

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

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

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

The implementation of regulatory definitions in accordance with the Basel Accord (International Convergence of Capital Measurement and Capital Standard), is discussed in sections 5.4 to 5.9 of this chapter.

CREDIT 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

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 relevant market transactions.

MARKET RISK

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

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

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

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

OPERATIONAL RISK

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

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

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

Compliance and reputation risk

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

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

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

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

Additional information about risk definitions

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

- **Market risk and credit/counterparty risk**

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

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

- **Operational risk, credit risk and market risk**

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

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

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

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 each risk, especially for credit, market and operational risks using the correlation parameters taken into account by the corresponding risk models.

It is assessed at consolidated Group level and at financial conglomerate level.

SUMMARY OF RISKS

➤ RISKS MONITORED BY THE BNP PARIBAS GROUP

		Pillar1		ICAAP(5) (Pillar2)		
Risks affecting the Group's capital adequacy	Risks affecting the Group's value (share price)	Risk covered	Measurement and management method(4)	Risk covered	Measurement and management method(4)	Additional risk identified by BNP Paribas
Credit and counterparty risk		✓	Basel 2.5	✓	Basel 2.5	
Equity risk		✓	Basel 2.5	✓	Basel 2.5	
Operational risk		✓	Basel 2.5	✓	Basel 2.5	
Market risk		✓	Basel 2.5	✓	Basel 2.5	
Concentration risk(1)				✓	Internal Model	
Asset & liability management risk(2)				✓	Internal Model	
Breakeven risk				✓	Internal Model	
Insurance risks(3), including insurance subscription risks					Internal Model	✓
	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) The CRD3, transposed in French law by the Decree of the 20 February 2007 amended, implements the Basel 2.5 regulation for securitisation and market risk. Modifications introduced by CRD3 are described in the corresponding chapters hereafter. The measurement methods for other types of risks remain unchanged.
(5) Internal Capital Adequacy Assessment Process.

RISK FACTORS

Risks related to the Bank and its industry

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

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

European markets have recently experienced significant disruptions as a result of concerns regarding the ability of certain countries in the eurozone to refinance their debt obligations and the extent to which European Union member states or supranational organizations will be willing or able to provide financial support to the affected sovereigns. These disruptions have contributed to tightened credit markets, increased volatility in the exchange rate of the euro against other major currencies, affected the levels of stock market indices and created uncertainty regarding the near-term economic prospects of certain countries in the European Union as well as the quality of bank loans to sovereign debtors in the European Union.

The Bank holds and in the future may hold substantial portfolios of sovereign obligations issued by the governments of, and has and may in the future have substantial amounts of loans outstanding to borrowers in, certain of the countries that have been most significantly affected by the current crisis. The Bank is also active in the interbank financial market and as a result, is indirectly exposed to risks relating to the sovereign debt held by the financial institutions with which it does business. More generally, the sovereign debt crisis has had, and may continue to have, an indirect impact on financial markets and, increasingly, economies, in Europe and worldwide, and therefore on the environment in which the Bank operates.

If economic conditions in Europe or in other parts of the world were to deteriorate, particularly in the context of an exacerbation of the sovereign debt crisis (such as a sovereign default), the Bank could be required to record additional impairment charges on its sovereign debt holdings or record further losses on sales thereof, and the resulting market and political disruptions could have a significant adverse impact on the credit quality of the Bank's customers and financial institution counterparties, on market parameters such as interest rates, currency exchange rates and stock market indices, and on the Bank's liquidity and ability to raise financing on acceptable terms.

Legislative action and regulatory measures taken in response to the global financial crisis may materially impact the Bank and the financial and economic environment in which it operates.

Legislation and regulations recently have been enacted or proposed with a view to introducing a number of changes, some permanent, in the global financial environment. While the objective of these new measures is to avoid a recurrence of the financial crisis, the impact of the new measures could be to change substantially the environment in which the Bank and other financial institutions operate.

The new measures that have been or may be proposed and adopted include more stringent capital and liquidity requirements, taxes on financial transactions, restrictions and taxes on employee compensation over specified levels, limits on the types of activities that commercial banks can undertake (particularly proprietary trading and, potentially, investment banking activities more generally), restrictions on certain types of financial products such as derivatives, and the creation of new and strengthened regulatory bodies.

Certain measures that have been or are in the process of being adopted and will be applicable to the Bank, such as the Basel 3 and Capital Requirements Directive 4 prudential frameworks, the requirements in relation to them announced by the European Banking Authority and the designation of the Bank as a systemically important financial institution by the Financial Stability Board, will increase the Bank's regulatory capital and liquidity requirements and may limit its permissible leverage. The Bank has announced certain measures in relation to these requirements; ensuring and maintaining compliance with them in the future may lead the Bank to take various measures, such as further reducing its balance sheet or bolstering its capital base, that could weigh on its profitability and adversely affect its financial condition and results of operations.

Some of the new regulatory measures are proposals that are under discussion and that are subject to revision, and would in any case need adapting to each country's regulatory framework by national regulators. As a result, it is not possible to predict which proposed new measures will ultimately be adopted, what their final form will be or what impact they will have on the Bank. Depending on the nature and scope of regulatory measures that are ultimately adopted, they could (in addition to having the effects noted above) affect the Bank's ability to conduct (or impose limitations on) certain types of activities, its ability to attract and retain talent (particularly in its investment banking and financing businesses) and more generally its competitiveness and profitability, which would in turn have an adverse effect on its business, financial condition, and results of operations. Finally, it is difficult to predict what impact these measures might have on financial market conditions. It is conceivable that they could trigger or exacerbate future financial crises, particularly if they required significantly enhanced disclosure of risks or problem loan exposures that could be misinterpreted by investors, hence heightening their concern about banks and therefore restricting their sources of financing.

The Bank's access to and cost of funding could be adversely affected by a further deterioration of the eurozone sovereign debt crisis, worsening economic conditions, a ratings downgrade or other factors.

The Euro-zone sovereign debt crisis as well as the general macroeconomic environment adversely affected the availability and cost of funding for European banks in 2011. This was due to several factors, including a sharp increase in the perception of bank credit risk due to their exposure to sovereign debt in particular, credit rating downgrades of sovereigns and of banks, and debt market speculation. Many European banks, including the Bank, experienced restricted access to wholesale debt markets and to the interbank market, as well as a general increase in their cost of funding. Accordingly, reliance on direct borrowing from the European Central Bank increased substantially. Were such adverse credit market conditions to persist for an extended period or worsen due to factors relating to the economy or the financial industry in general or to the Bank in particular (such as ratings downgrades), the effect on the liquidity of the European financial sector in general and the Bank in particular could be materially adverse.

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

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

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

The Bank maintains trading and investment positions in the debt, currency, commodity and equity markets, and in unlisted securities, real estate and other asset classes. These positions could be adversely affected by volatility in financial and other markets, i.e., the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. There can be no assurance that the extreme volatility and market disruptions experienced during the height of the 2008/2009 financial crisis will not return in the future and that the Bank will not incur substantial losses on its capital market activities as a result. Moreover, volatility trends that prove substantially different from the Bank's expectations may lead to losses relating to a broad range of other products that the Bank uses, including swaps, forward and future contracts, options and structured products.

To the extent that the Bank owns assets, or has net long positions, in any of those markets, a market downturn could result in losses from a decline in the value of its positions. Conversely, to the extent that the Bank has sold assets that it does not own, or has net short positions in any of those markets, a market upturn could expose it to potentially unlimited losses as it attempts to cover its net short positions by acquiring assets in a rising market. The Bank may from time to time have a trading strategy of holding a long position in one asset and a short position in another, from which it expects to earn 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.

Financial and economic conditions affect the number and size of transactions for which the Bank provides securities underwriting, financial advisory and other investment banking services. The Bank's corporate and investment banking revenues, which include fees from these services, are directly related to the number and size of the transactions in which it participates and can decrease as a result of market changes that are unfavorable to its Investment Banking business and clients. In addition, because the fees that the Bank charges for managing its clients' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of its clients' portfolios or increases the amount of withdrawals would reduce the revenues the Bank receives from its asset management, equity derivatives and private banking businesses. Independently of market changes, below-market performance by the Bank's mutual funds may result in increased withdrawals and reduced inflows, which would reduce the revenues the Bank receives from its asset management business.

During the market downturn in 2008-2009, the Bank experienced all of these effects and a corresponding decrease in revenues in the relevant business lines. There can be no assurance that the Bank will not experience similar trends in future market downturns, which may occur periodically and unexpectedly.

Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and possibly leading to material losses.

In some of the Bank's businesses, protracted market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the Bank cannot close out deteriorating positions in a timely way. This is particularly true for assets that are intrinsically illiquid. Assets that are not traded on stock exchanges or other public trading markets, such as 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 affected by many factors beyond the Bank's control. Changes in market interest rates could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities. Any adverse change in the yield curve could cause a decline in the Bank's net interest income from its lending activities. In addition, maturity mismatches and increases in the interest rates relating to the Bank's short-term financing may adversely affect the Bank's profitability.

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

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

In addition, misconduct by financial market participants can have a material adverse effect on financial institutions due to the interrelated nature of the financial markets. An example is the fraud perpetrated by Bernard Madoff, as a result of which numerous financial institutions globally, including the Bank, have announced losses or exposure to losses in substantial amounts. Potentially significant additional potential exposure is also possible in the form of litigation, claims in the context of the bankruptcy proceedings of Bernard Madoff Investment Services (BMIS) (a number of which are pending against the Bank), and other potential claims relating to counterparty or client investments made, directly or indirectly, in BMIS or other entities controlled by Bernard Madoff, or to the receipt of investment proceeds from BMIS.

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

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

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

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

As with most other banks, BNP Paribas relies heavily on communications and information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in the Bank's customer relationship management, general ledger, deposit, servicing and/or loan organization systems. The Bank cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. 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 political and social unrest, severe natural disasters, terrorist attacks or other states of emergency could lead to an abrupt interruption of the Bank's operations and, to the extent not covered by insurance, could cause substantial losses. Such losses can relate to property, financial assets, trading positions and key employees. Such unforeseen events could also lead to additional costs (such as relocation of employees affected) and increase the Bank's costs (particularly insurance premiums).

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

The Bank is exposed to regulatory compliance risk, such as the inability to comply fully with the laws, regulations, codes of conduct, professional norms or recommendations applicable to the financial services industry. 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.

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 modelling does not take all risks into account. Its more qualitative approach to managing certain risks could prove insufficient, exposing it to material unanticipated losses.

The Bank's hedging strategies may not prevent losses.

If any of the variety of instruments and strategies that the Bank uses to hedge its exposure to various types of risk in its businesses is not effective, the Bank may incur losses. Many of its strategies are based on historical trading patterns and correlations. For example, if the Bank holds a long position in an asset, it may hedge that position by taking a short position in another asset where the short position has historically moved in a direction that would offset a change in the value of the long position. However, the hedge may only be partial, or the strategies used may not protect against all future risks or may not be fully effective in mitigating the Bank's risk exposure in all market environments or against all types of risk in the future. Unexpected market developments may also reduce the effectiveness of the Bank's hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in the Bank's reported earnings.

The Bank may experience difficulties integrating acquired companies and may be unable to realise the benefits expected from its acquisitions.

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

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

Intense competition, 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 favourable 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.

5.3 Sovereign risks [Audited]

The sovereign risk is the default risk of a State on its debt, i.e. a temporary or prolonged interruption of debt servicing (interests and/or principal).

Holding of bonds issued by Sovereign States is conditioned by the liquidity management of the Group. Liquidity management is based on holding securities eligible as collateral for refinancing by central banks and includes a substantial share of highly rated debt securities issued by governments, representing a low level of risk. Moreover, as part of its assets and liability management and structural interest-rate risk management policy, the Group also holds a portfolio of assets including sovereign debt instruments, with interest-rate characteristics that contribute to its hedging strategies. In addition, the Group is primary dealer in sovereign debt securities in a number of countries, thus holding temporary trading inventories (long and short), partially hedged by derivatives.

Inventories held by the Group in these various portfolios are presented in the table below:

TABLE 1: BANKING AND TRADING BOOKS SOVEREIGN EXPOSURES BY GEOGRAPHICAL BREAKDOWN

31 December 2011 *In millions of euros*	Banking Book[1] Central Governments Securities	Loans	CDS	Trading Book Central Governments Issuer risk Securities[2]	Derivatives[3]	Central Governments counterparty risk[2]
Eurozone						
Austria	539	0	0	44	(26)	0
Belgium	17,383	1,826	0	(218)	(369)	12
Cyprus	22	0	0	31	(18)	0
Estonia	0	0	0	0	20	0
Finland	293	0	0	240	(364)	2
France	13,981	161	101	(3,375)	2,898	216
Germany	2,550	0	0	(1,230)	(29)	273
Italy	12,656	552	92	1,063	111	3,242
Luxembourg	31	147	0	0	0	0
Malta	0	0	0	0	0	0
Netherlands	7,423	1,685	0	(919)	600	11
Slovakia	29	0	0	2	(157)	0
Slovenia	41	0	0	230	(188)	0
Spain	457	349	0	58	(59)	6
Programme countries						
Greece	1,041	5	0	78	13	167
Ireland	274	0	0	(10)	37	19
Portugal	1,407	0	0	(15)	62	0
TOTAL EUROZONE	**58,127**	**4,726**	**193**	**(4,021)**	**2,531**	**3,948**
Other EEA countries						
Bulgaria	0	0	0	0	0	0
Czech Republic	164	0	0	1	(5)	0
Denmark	0	0	0	(65)	(40)	0
Hungary	201	0	0	161	(9)	0
Iceland	0	0	0	0	42	0
Latvia	0	0	0	0	16	0
Liechtenstein	0	0	0	0	0	0
Lithuania	36	0	7	1	8	0
Norway	51	0	0	4	7	0
Poland	1,650	0	0	33	79	0
Romania	0	59	0	13	1	0
Sweden	0	0	0	(42)	(60)	0
United Kingdom	679	0	0	(664)	(69)	10
OTHER EEA COUNTRIES	**2,781**	**59**	**7**	**(558)**	**(30)**	**10**
o/w AFS	*57,845*					
o/w HTM or L&R	*3,063*					
TOTAL EEA 30	**60,908**	**4,784**	**200**	**(4,579)**	**2,501**	**3,958**
United States	4,782	378	0	4,226	(3,893)	9
Japan	6,035	0	0	4,530	(733)	19
Others	5,147	3,154	0	4,536	(677)	126
TOTAL WORLD	**76,872**	**8,316**	**200**	**8,713**	**(2,803)**	**4,112**

(1) Banking book exposures are reported in accounting value (including premium/ hair-cut and accrued coupon) before re-evaluation and after eventual impairment for depreciation, in particular in the case of Greece.

(2) The issuer risk on trading book sovereign securities and the counterparty risk on the derivatives traded with sovereign counterparts are reported in terms of market value, representing the maximum loss in the case of an event of default of the sovereign (assuming zero recovery).

(3) Net Issuer Risk on Credit Derivative Products (such as Single Name CDS) and on other derivative related sovereign products corresponds to the maximum loss/gain (assuming zero recovery) which would be incurred in the event of a sovereign default.

Sovereign debt markets in the eurozone faced in 2011 strong disturbances, in particular in second half of the year, due to the deterioration of economic condition in some eurozone countries, especially Greece, Ireland and Portugal which are supported by a European plan. The details of the exposures to those three countries are presented in note 4 of the Group's consolidated financial statements.

Securities of eurozone sovereign issuers held in the banking book as of 31 December 2011 amounted to EUR 58.1 billion before re-evaluation and including accrued interests, compared to EUR 73.9 billion on 30 June 2011, when the crisis affecting some eurozone sovereign issuers began.

The EUR 15.8 billion decline in the book during the second half was due to the impairment of Greek securities (EUR 2.6 billion) during the period, disposals and redemptions collected (EUR -20.0 billion related mostly to securities issued by Italy, France, Belgium, Spain, Germany and the Netherlands), partly offset by acquisitions (securities worth EUR 6.8 billion issued by France, Belgium and Germany).

Securities of non-eurozone sovereign issuers held within the banking book amounted to EUR 18.7 billion as of 31 December 2011, down by EUR 16.7 billion compared to 30 June 2011 (EUR 35.4 billion). Disposals and redemptions in the second half of 2011 (EUR 23.7 billion) were partly offset by acquisitions (EUR 7.5 billion) and the impact of foreign exchange fluctuations.

5.4 Capital management and capital adequacy

REGULATORY CAPITAL [Audited]

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

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

Since 1 January 2008, the capital adequacy ratio has been calculated in accordance with the Decree issued by the Ministry of the Economy, Finance and Industry on 20 February 2007 introducing the Basel 2 capital adequacy ratio, i.e. regulatory capital expressed as a percentage of the sum of:

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

BREAKDOWN OF REGULATORY CAPITAL

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

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

AMOUNT OF REGULATORY CAPITAL

➤ TABLE 2: AMOUNT OF REGULATORY CAPITAL

In millions of euros	31 December 2011	31 December 2010
Consolidated equity before appropriation of income[(1)]	**85,626**	**85,629**
Regulatory deductions and other items	**(14,633)**	**(17,093)**
Intangible assets deductions	(13,929)	(13,837)
of which goodwills	(11,783)	(11,735)
Subordinated debt[(2)]	3,358	3,187
Other regulatory items	(4,062)	(6,443)
of which dividend payment[(3)]	(1,430)	(2,511)
of which deductions of 50% for uneligible items	(1,653)	(1,303)
of which equity investments in unconsolidated credit or financial institutions held for more than 10%	(672)	(394)
of which investments in credit or financial institutions associates	(756)	(710)
of which securitisation positions subject to deductions	0	0
TIER 1 CAPITAL	**70,993**	**68,536**
Total Tier 2 capital	**14,422**	**20,109**
of which positive difference between provisions and expected losses over 1 year	548	482
Regulatory deductions for remaining uneligible items	**(1,653)**	**(1,303)**
Allocated Tier 3 capital	**2,200**	**982**
REGULATORY CAPITAL	**85,962**	**88,324**

(1) Statement of changes in shareholders' equity (financial statements 4.5).
(2) Notes to the financial statements 5.a and 5.i.
(3) Dividend to be recommended at the Annual General Meeting of Shareholders.

CAPITAL REQUIREMENTS AND RISKS-WEIGHTED ASSETS

The Group's capital requirement is calculated in accordance with the transposition into French law of the EU Directive on capital adequacy for investment firms and credit institutions (Decree of 20 February 2007 amended) [(1)].

At 31 December 2011, requirement is calculated in accordance with the CRD3, in force on that date, which modifies primarily the treatment of market risk and of securitisation positions.

(1) See note 1 section 5.1.

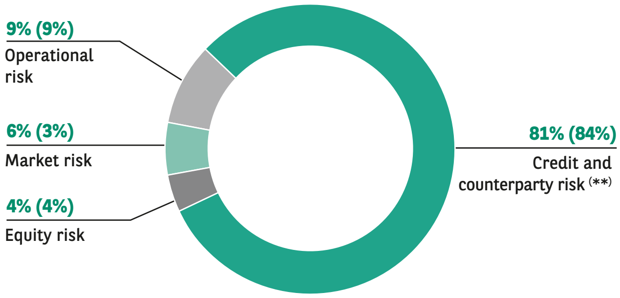
At 31 December 2011, the total amount of Basel 2 Pillar 1 risk-weighted assets was EUR 614 billion, versus EUR 600 billion at 31 December 2010, broken down as follows by type of risk, calculation approach, and asset class:

TABLE 3: PILLAR 1 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS

In millions of euros	31 December 2011		31 December 2010	
	Risk-weighted assets	Capital Requirement	Risk-weighted assets	Capital Requirement
Credit and counterparty risk	**494,674**	**39,574**	**503,872**	**40,310**
Credit risk	**471,050**	**37,684**	**481,103**	**38,488**
Credit risk – IRBA	**215,516**	**17,241**	**230,703**	**18,456**
Central governments and central banks	4,310	345	4,628	370
Corporates	136,889	10,951	144,459	11,557
Institutions	13,391	1,071	18,253	1,460
Retail	38,127	3,050	40,244	3,220
Real estate loans	*10,311*	*825*	*10,777*	*862*
Revolving exposures	*6,530*	*522*	*7,114*	*569*
Other exposures	*21,286*	*1,703*	*22,353*	*1,788*
Securitisation positions	22,665	1,813	22,915	1,833
Other non credit-obligation assets	134	11	204	16
Credit risk – Standardised approach	**255,534**	**20,443**	**250,400**	**20,032**
Central governments and central banks	3,458	277	5,181	415
Corporates	117,083	9,367	111,453	8,916
Institutions	7,282	582	7,237	579
Retail	82,922	6,634	81,826	6,546
Real estate loans	*26,818*	*2,145*	*27,121*	*2,170*
Revolving exposures	*4,295*	*344*	*4,118*	*329*
Other exposures	*51,810*	*4,145*	*50,588*	*4,047*
Securitisation positions	1,712	137	2,288	183
Other non credit-obligation assets	43,077	3,446	42,415	3,393
Counterparty risk	**23,624**	**1,890**	**22,769**	**1,822**
Counterparty risk – IRBA	**20,863**	**1,669**	**20,092**	**1,608**
Central governments and central banks	180	14	153	13
Corporates	16,344	1,308	14,463	1,157
Institutions	4,339	347	5,476	438
Counterparty risk – Standardised approach	**2,761**	**221**	**2,677**	**214**
Central governments and central banks	1	0	6	0
Corporates	2,426	194	2,477	198
Institutions	320	26	185	15
Retail	14	1	9	1
Other exposures	*14*	*1*	*9*	*1*
Equity risk	**25,775**	**2,062**	**22,475**	**1,798**
Internal model	23,461	1,877	18,995	1,519
Private equity exposures in diversified portfolios	*6,215*	*497*	*4,802*	*384*
Listed equities	*8,670*	*694*	*8,677*	*694*
Other equity exposures	*8,576*	*686*	*5,516*	*441*
Simple weighting method	1,248	100	1,406	113
Private equity exposures in diversified portfolios	*1,109*	*89*	*1,085*	*87*
Listed equities	*14*	*1*	*15*	*1*
Other equity exposures	*125*	*10*	*307*	*25*
Standardised approach	1,066	85	2,074	166
MARKET RISK	**38,501**	**3,080**	**17,187**	**1,375**
Internal model	35,338	2,827	9,532	763
VaR	*8,230*	*659*		
Stressed VaR	*16,605*	*1,328*		
Incremental Risk Charge	*6,440*	*515*		
Comprehensive Risk Measure	*4,063*	*325*		
Standardised approach	2,386	191	7,655	612
Trading book securitisation positions	777	62		
Operational risk	**54,617**	**4,369**	**56,890**	**4,551**
Advanced Measurement Approach (AMA)	38,628	3,090	35,619	2,849
Standardised approach	9,470	758	13,624	1,090
Basic indicator approach	6,519	521	7,647	612
TOTAL	**613,567**	**49,085**	**600,424**	**48,034**

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

RISK-WEIGHTED ASSETS BY TYPE OF RISK AT 31 DECEMBER 2011(*)



Total: EUR 614 billion at 31 December 2011
(EUR 600 billion at 31 December 2010)

(*) The percentages between brackets correspond to the breakdown as of 31 December 2010.

(**) Including other non credit-obligation assets.

CAPITAL ADEQUACY

Under the European Union regulation transposed into French law by regulation 91-05, the Group's capital adequacy ratio must be at least 8% at all times, including a Tier One ratio of at least 4%. Under United States capital adequacy regulations, BNP Paribas is qualified as a Financial Holding Company and as such is required to have a capital adequacy ratio of at least 10%, including a Tier 1 ratio of at least 6%.

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

TABLE 4: SOLVENCY RATIO

In millions of euros	31 December 2011	31 December 2010
TIER 1 CAPITAL	**70,993**	**68,536**
Tier 2 capital	**14,422**	**20,109**
Tier 2 regulatory deductions	**(1,653)**	**(1,303)**
Allocated Tier 3 capital	**2,200**	**982**
REGULATORY CAPITAL	**85,962**	**88,324**
Credit risk	471,050	481,103
Counterparty risk	23,624	22,769
Equity risk	25,775	22,475
Market risk	38,501	17,187
Operational risk	54,617	56,890
Risk-weighted assets Basel 2 (ex floor)	**613,567**	**600,424**
Effect of Basel 1 floor on Tier 1 risk-weighted assets		*847*
CRD risk-weighted assets for Tier 1 ratio(*)		**601,271**
Effect of Basel 1 floor on total risk-weighted assets		*6,872*
CRD RISK-WEIGHTED ASSETS FOR TOTAL CAPITAL RATIO(**)		**607,296**
TIER 1 RATIO	**11,6%**	**11,4%**
TOTAL CAPITAL RATIO	**14,0%**	**14,5%**

(*) 80% of Basel 1 risk-weighted assets.
(**) 80% of Basel 1 risk-weighted assets including the positive difference between provisions and expected losses.

Until 31 December 2011, the transitional regulatory Decree sets the floor for Basel 2 risk-weighted assets at 80% of the Basel 1 risk weighted assets. As of 31 December 2010, this floor was above the level of the Basel II risk-weighted assets and was therefore used in calculating the solvency ratio, i.e., EUR 601.3 billion for the Tier 1 ratio. However, the floor has no effect on 31 December 2011.

BNP Paribas Group is also subject to additional supervision as a financial conglomerate, in accordance with a European Directive transposed into French law by the Order of 19 September 2005. Under this regulation, a financial conglomerate engaged in the insurance business must comply with an additional requirement with respect to consolidated capital adequacy: the margin requirement for entities with an insurance business - known as the solvency margin - is added to the bank solvency requirement and the sum of the two is compared to the total equity of the financial conglomerate to determine a surplus or a shortfall of capital.

As of 31 December 2011, the capital surplus of the conglomerate was estimated at EUR 32.5 billion (compared to EUR 36.6 billion as of 31 December 2010).

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 2010 and 2011, 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 and quarterly estimates, including forecast growth in earnings and risk-weighted assets, planned acquisitions, planned issues of hybrid capital instruments, foreign exchange rate assumptions and of the anticipated regulatory evolutions. Changes in ratios are reviewed quarterly by the Group's Executive Management and whenever an event occurs or a decision is made that will materially affect consolidated ratios.

PILLAR 2 PROCESS

The second pillar of the Basel Agreement, as transposed in the CRD, provides that the Autorité de Contrôle Prudentiel, the "main" supervisor of BNP Paribas, shall determine whether the policies, strategies, procedures and arrangements implemented by the Group on the one hand, and the equity held on the other hand, are adequate for risk management and coverage purposes. Pillar 2 also provides that the supervisor may, in the event of non-compliance with CRD requirements, request the Group promptly to take the necessary actions or moves to address the situation. To enforce these provisions, Article L.13-16 of the Monetary and Financial Code allows the supervisor to ask a credit institution to hold more capital than the regulatory minimum.

The Pillar 2 approach thus structures the dialogue between the Group and the supervisor regarding the adequacy of its capital ratios using two additional measures laid down by the Committee of European Banking Supervisors (CEBS) and published in 2006:

The ICAAP or Internal Capital Adequacy Assessment Process developed by the Group: this is an internal assessment of the Group's capital requirements to cover all risks, whether they fall within the scope of Pillar 1 or not. The internal assessment of the appropriate level of capital for the Group takes into account the objective of a high quality credit rating aimed at maintaining its origination capabilities, anticipated regulatory changes (in particular Basel 3), the Group's development projects, as well as the sensitivity of the capital level required for stress tests, such as carried out at least once a year within the framework of the budget process. The appropriate level of capital is thus determined on the basis of target solvency ratios addressing the various constraints mentioned above.

SREP or Supervisory Review Process conducted by the supervisor: this is a review of the Group's intrinsic situation on the basis of CRD criteria (strategy and quality of the overall organisation of the institution and its corporate governance, type, volume and complexity of the businesses, degree of exposure to the major types of risk, e.g. credit, concentration, market, operating, liquidity and interest-rate risk, quality of the organisation of internal control procedures, performance and profitability of current operations, level, structure and sustainability of equity), based on both quantitative and qualitative data. Upon completion of the review, the supervisor assigns a rating on a scale of one to five, and requires a minimum core-capital ratio (Tier 1) to comply with under Pillar 2.

All the exchanges between the Group and the supervisor and the level of the prescribed minimum solvency ratio are confidential. The regular contact maintained throughout the year between the Group and the supervisor through on-site visits, "close monitoring" interviews, quarterly presentations of operations and results by the Executive Management to the General Secretariat of the supervisor and the regular short and medium term projections of solvency ratios allow the supervisor to form an opinion on the adequacy of the Group's strategy, risk management policies, organisation and governance, and to define the minimum capital adequacy ratio that it deems necessary for the Group to address the risks of its operations under Pillar 2.

5.5 Credit risk

EXPOSURE TO CREDIT RISK [Audited]

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

➤ TABLE 5: EXPOSURE TO CREDIT RISK BY BASEL ASSET CLASS AND APPROACH

In millions of euros	31 December 2011				31 December 2010			
	IRBA	Standardised Approach	Total	2011 Average exposure	IRBA	Standardised Approach	Total	2010 Average exposure
Central governments and central banks	155,605	21,011	176,616	185,298	174,362	19,618	193,980	203,515
Corporates	406,617	159,762	566,379	583,601	446,141	154,683	600,824	584,582
Institutions(*)	80,575	27,031	107,606	117,463	100,104	27,217	127,321	132,842
Retail	199,570	173,654	373,224	373,769	198,304	176,009	374,313	363,328
Securitisation positions	47,826	2,180	50,006	53,561	53,332	3,784	57,116	57,498
Other non credit-obligation assets(**)	134	117,882	118,016	103,735	0	89,455	89,455	84,805
TOTAL EXPOSURE	**890,327**	**501,520**	**1,391,847**	**1,417,428**	**972,243**	**470,766**	**1,443,009**	**1,426,570**

(*) *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 payables/receivables.*

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 credit risk exposure shown in the table above at 31 December 2011 represents the gross amount before impairment of deposit accounts with central banks and post office banks (EUR 58 billion), loans granted to customers (EUR 694 billion), and credit institutions (EUR 50 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 192 billion), remeasurement adjustment on interest-rate risk hedged portfolios (EUR 4 billion), property, plant and equipment, and investment property (EUR 29 billion), payables/receivables and other assets (EUR 94 billion), and financing and guarantee commitments given (EUR 359 billion).

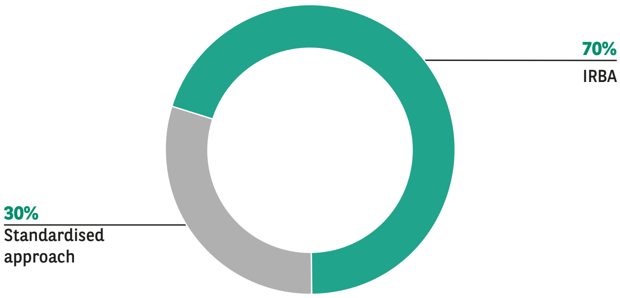
Exposure to repo transactions, which is included in the counterparty risk exposures below (EUR -4 billion) and exposure not included in the prudential covered scope (EUR -85 billion) have been deducted from these amounts.

BNP Paribas has opted for the most advanced approaches allowed under Basel II. In accordance with the EU Directive and its transposition into French law, in 2007 the French banking supervisor (*Autorité de Contrôle Prudentiel*) allowed the Group to use internal models to calculate capital requirements starting on 1 January 2008. The use of these methods is subject to conditions regarding progress and deployment. The Group committed itself to comply with those conditions under the supervision of the French supervisor. Prior to its acquisition, the Fortis Group had been authorised by Belgian banking and insurance supervisor, the National Bank of Belgium, to use the most advanced approach to assess its regulatory capital requirement. The internal rating policies and systems of the BNP Paribas Fortis and BGL BNP Paribas subgroups on the one hand and BNP Paribas on the other are set to converge to a single methodology used uniformly across the entire Group. The review being conducted for this purpose has shown the compatibility of the concepts developed in each of the two perimeters and allowed a harmonisation of the ratings of the key counterparties, but has not been completed yet. However, several applications for approval of common methodologies have been submitted to the Autorité de Contrôle Prudentiel. Therefore an approach based on methods that have been approved by the French, Belgian or Luxembourg supervisors for each of the non-convergent perimeters has been adopted at 31 December 2011.

For credit risk (excluding other non credit-obligation assets), the share of exposures under the IRB approach represents 70% at 31 December 2011, compared with 72% at 31 December 2010. This significant scope includes in particular Corporate and Investment Banking (CIB), French Retail Banking (FRB), a part of the BNP Paribas Personal Finance business (Cetelem), BNP Paribas Securities Services (BP2S), and, since 30 June 2009, the entities of the subgroup BNP Paribas Fortis and BGL BNP Paribas for which efforts to achieve convergence with the methods, processes and software tools of the BNP Paribas Group are nearing completion. However, some entities, such as BNL and BancWest, are temporarily excluded from the scope. Other smaller entities, such as the subsidiaries in emerging countries, will use the Group's advanced methods only at a later stage.

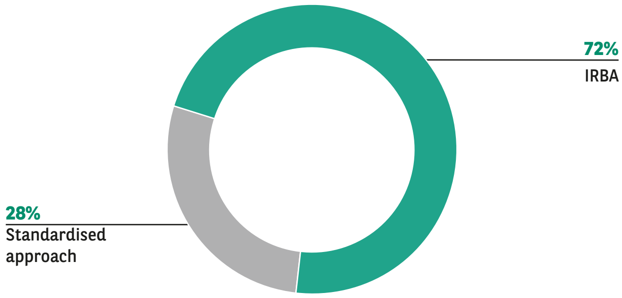
➤ CREDIT RISK EXPOSURE BY APPROACH(*)

At 31 December 2011



Total: EUR 1,274 billion

At 31 December 2010



Total: EUR 1,354 billion

(*) Excluding other non credit-obligation assets.

CREDIT RISK MANAGEMENT POLICY [Audited]

GENERAL CREDIT POLICY, AND CONTROL AND PROVISIONING PROCEDURES

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

DECISION-MAKING PROCEDURES

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

Loan applications must comply with the Bank's Global Credit Policy and 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 AND PORTFOLIO MANAGEMENT PROCEDURES

Monitoring exposures

In addition to carefully selecting and evaluating individual risks, a comprehensive risk monitoring and reporting system applies to all Group entities. The system is organised around Credit Risk Control units which are responsible for ensuring that lending commitments comply with the loan approval decision, that credit risk reporting data are reliable and that risks accepted by the Bank are effectively monitored. Daily exception reports are produced and various forecasting tools are used to provide early warnings of potential escalations of credit risks. The various monitoring levels, which generally reflect the organisation of discretionary lending authorities, are carried out up to the Executive Management Group Debtor Committee, under the supervision of GRM. This committee meets at monthly intervals to examine all loans in excess of a given threshold, for which it decides on the amount of impairment losses to be recognised or reversed, based on a recommendation from the business lines, with GRM's approval. In addition, a quarterly committee reviews sensitive or non-performing loans.

Collective portfolio management policy

This monitoring system is supported by a collective portfolio management system including risk concentration by borrower, by sector and by country.

The results of this policy are regularly reviewed by the various risk units, including the Risk Policy Committee and its various versions, which may modify or fine-tune the general priorities as appropriate, based on GRM's analysis framework and recommendations. For risk concentration by country, country risk limits are set at the appropriate level of delegated authority for each country. Concentration at specific counterparty level is monitored regularly, particularly within the Group's individual concentration policy.

Stress tests are used to identify vulnerable areas of the Group's portfolios and analyse any underlying correlations.

Lastly, BNP Paribas may use credit risk transfer instruments, such as securitisation programmes or credit derivatives, to hedge individual risks, reduce portfolio concentration or cap potential losses arising from crisis scenarios.

IMPAIRMENT PROCEDURES

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

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

RATING SYSTEM

The BNP Paribas Group uses an advanced Internal Ratings-Based Approach (IRBA) to credit risk for the retail, sovereign, institutions, corporate and equity asset classes to calculate the regulatory capital requirements for Corporate and Investment Banking, French Retail Banking, part of BNP Paribas Personal Finance, BNP Paribas Fortis and BNP Paribas Securities Services (BP2S). For other businesses, the standardised approach is used to calculate regulatory capital based on external ratings. Each counterparty is rated internally by the Group using the same methods, regardless of the approach used to calculate regulatory capital requirements.

The Bank has a comprehensive internal rating system compliant with regulatory requirements regarding capital adequacy. A periodic assessment and control process has been deployed within the Bank to ensure that the system is appropriate and correctly implemented. The system was formally validated by the French banking supervisor (Autorité de Contrôle Prudentiel) in December 2007. BNP Paribas' rating system was rolled out at BNP Paribas Fortis in 2010.

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 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 conduct a second review. 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 credit risk analysts, relying on an indicative mapping of 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" rating [1] 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. The teams responsible for verifying performance are not the same as those who build the models. At BNP Paribas Fortis, a special Steering Centre has been set up for this purpose.

(1) Defined as an external rating from AAA to BBB- (Standard and Poor's classification).

Loss Given Default is determined either using statistical models for books with the highest degree of granularity or using expert judgment based on indicative values, in line with a process similar to the one used to determine the counterparty rating for corporate books[(1)]. Loss Given Default is defined as the loss that the Bank would suffer in the event of the counterparty's default in times of economic slowdown, as required by regulations.

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

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

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

For 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 for default probabilities 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 "through the cycle" ratings and that, the estimated 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 one year before default occurred. As with ratings, recovery rates are analysed on an overall basis and by rating policy and geographical area. Variances on an item by item and average basis are analysed taking into account the bimodal distribution of recovery rates. The results of these tests show that the Group's estimates are relevant in economic downturns and are conservative on an average basis. Benchmarking of recovery rates is based on data pooling initiatives in which the Group takes part.

The result of all backtesting and benchmarking work is presented annually to the Chief Risk Officer and 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 regulation recommendations. Thus apart from calculating capital requirements, they are used for example when setting delegated limits, granting new loans or reviewing existing loans to measure profitability, determine collective impairment and for internal and external reporting purposes.

SCOPE AND NATURE OF RISK REPORTING AND MEASUREMENT SYSTEMS

All the processes and information systems used by the credit risk reporting function were submitted for review to the French banking supervisor (Autorité de Contrôle Prudentiel). For BNP Paribas Fortis and BGL BNP Paribas, where the convergence work has not yet been completed, the processes and information systems used are those approved by the banking supervisory authorities of Belgium and Luxembourg.

The current credit risk measurement 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, that GRM is in charge of.

(1) Within the Group, the Corporate book includes institutions, corporates, specialised financing and sovereign states.

CREDIT RISK DIVERSIFICATION [Audited]

The Group's gross exposure to credit risk stands at EUR 1,224 billion at 31 December 2011, compared with EUR 1,296 billion at 31 December 2010. This portfolio, which is analysed below in terms of its diversification, comprises all exposures to credit risk shown in table "Exposure to credit risk by Basel asset class" excluding securitisation positions and other non credit-obligation assets[(1)]. A dedicated chapter (chapter 5.6) describes banking book securitisations exposures.

No single counterparty gives rise to an excessive concentration of credit risk, due to the size of the business and the high level industrial and geographical diversification of the client base. The breakdown of credit risks by industry and by region is presented in the 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. BNP Paribas achieves diversification largely through the extent and variety of its business activities and the widespread system of discretionary lending authorities.

Diversification of the portfolio by counterparty is monitored on a regular basis, notably under the Group's individual risk concentration policy. The risk concentration ratio also ensures that the aggregate risk on each beneficiary[(2)] does not exceed 25% of the Group's net consolidated shareholders' equity. BNP Paribas remains well below the concentration limits set out in the European Directive on Large Exposures.

In addition, gross commitments to the top 20 counterparties in the corporate asset class accounted for 4% of this asset class total gross exposure at 31 December 2011, unchanged compared with 31 December 2010.

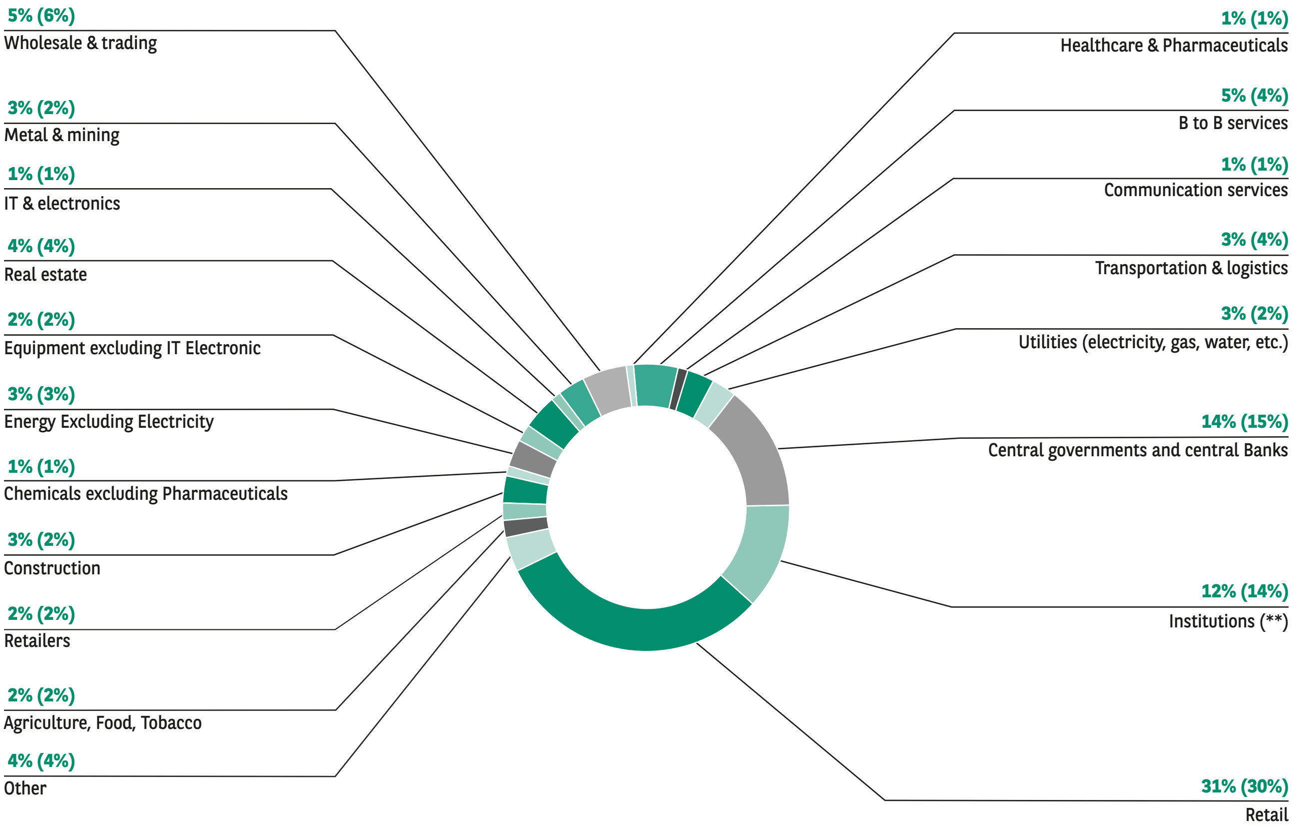
INDUSTRY DIVERSIFICATION

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 components. This process is adjusted by sector according to its weighting in the Group's exposure, the technical knowledge required to understand the sector, its cyclicality and degree of globalisation and the existence of any particular risk issues.

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

(2) Beneficiaries whose individual risks each exceed 10% of shareholders' equity, with a disclosure threshold set by the ACP at EUR 300 million in exposure, are considered as Large Exposures.

TABLE 6: BREAKDOWN OF CREDIT RISK BY BASEL ASSET CLASS AND BY CORPORATE INDUSTRY AT 31 DECEMBER 2011(*)



Total exposure: EUR 1,224 billion at 31 December 2011 (EUR 1,296 billion at 31 December 2010)

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

(*) *The percentages in brackets reflect the breakdown at 31 December 2010.*

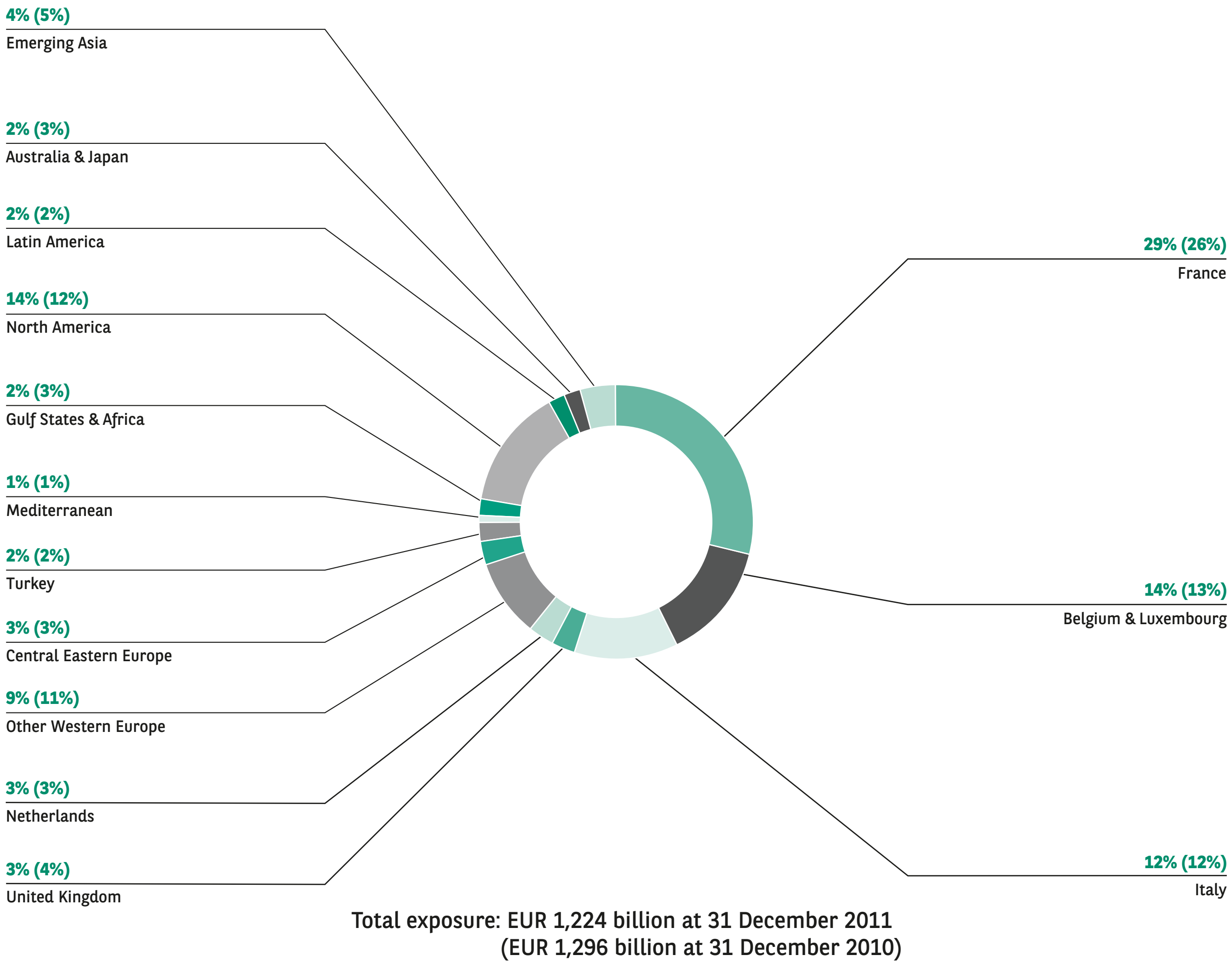
(**) *The Institutions asset class comprises credit institutions and investment firms, including those recognised in other countries. It also includes some exposures to regional and local authorities, public sector agencies and multilateral development banks that are not treated as central government authorities.*

GEOGRAPHIC DIVERSIFICATION

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

The geographic breakdown below is based on the country where the counterparty conducts its principal business activities, without taking into account the location of its head office. Accordingly, a French company's exposure arising from a subsidiary or branch located in the United Kingdom is classified in the United Kingdom.

TABLE 7: GEOGRAPHIC BREAKDOWN OF CREDIT RISK BY COUNTERPARTY'S COUNTRY OF BUSINESS AT 31 DECEMBER 2011(*)



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

(*) The percentages in brackets reflect the breakdown at 31 December 2010.

The geographic breakdown of the portfolio's exposure has remained balanced and stable. The Group has maintained its predominantly European dimension (73% at 31 December 2011, compared with 72% at 31 December 2010).

The Group, which is present in most economically active areas, in accordance with its vocation, strives to avoid excessive concentrations of risk in countries whose political and economic infrastructure is acknowledged to be weak or whose economic position has been undermined.

In this respect, country risk limits are set at the appropriate level of delegated authority for each country.

CREDIT RISK: INTERNAL RATINGS BASED APPROACH (IRBA)

The internal rating system developed by the Group covers the entire Bank. The IRBA, validated in December 2007, covers the Corporate and Investment Banking (CIB) portfolio, the French Retail Banking (FRB) portfolio, as well as BP2S and part of BNP Paribas Personal Finance. Convergence projects are continuing with a view to harmonise methods, processes and systems, particularly in the scope resulting from the acquisition of BNP Paribas Fortis and BGL BNP Paribas. Common methods have already been rolled out for institutions and sovereigns. For most of the other portfolios, prior applications for approval were made to the relevant banking supervisors during 2011.

CORPORATE MODEL [Audited]

The IRBA for the Corporate book (*i.e.* institutions, corporates, specialised financing and sovereigns) is based on a consistent rating procedure in which GRM has the final say regarding the rating assigned to the counterparty and the Global Recovery Rate (GRR) assigned to transactions. Credit Conversion Factors (CCF) of off-balance sheet transactions are assigned according to counterparty and transaction type.

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

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

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

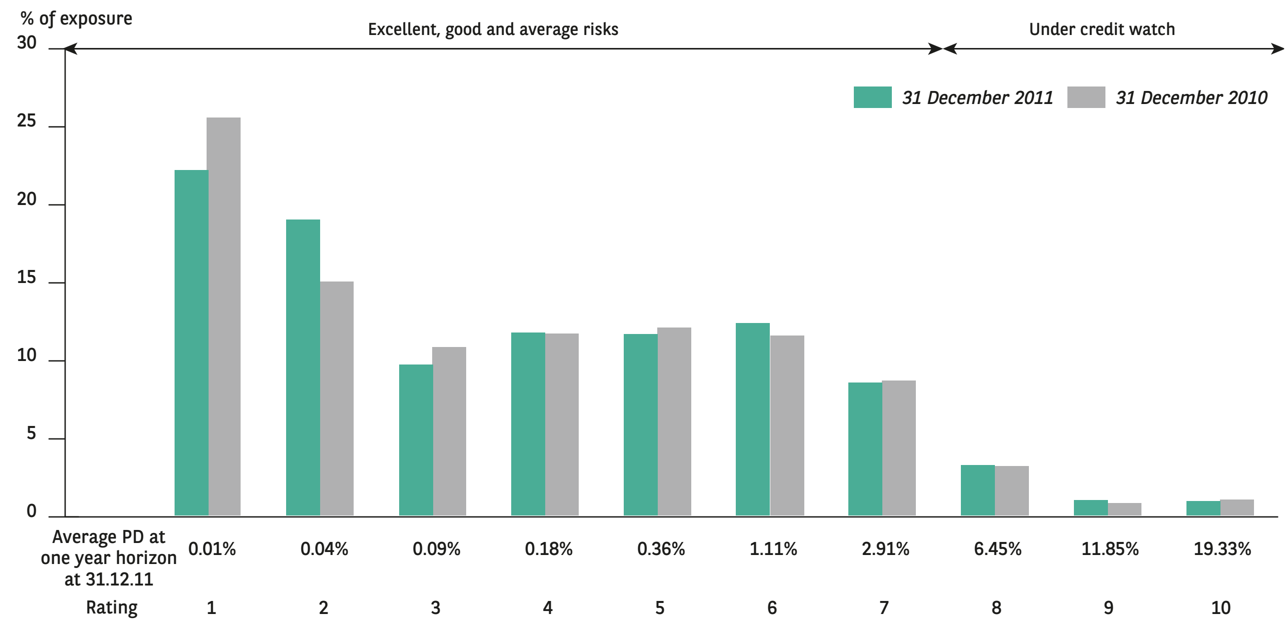
The same definition of default is used consistently throughout the Group for each asset class. For local counterparties (SMEs, local authorities), this definition may be adapted slightly to meet any specific local regulatory requirements, particularly as regards the length of past-due or the materiality threshold.

The chart below shows a breakdown by credit rating of performing loans and commitments in the Corporate book (asset classes: corporates, central governments and central banks, institutions) for all the Group's business lines, measured using the Internal Ratings-Based Approach.

This exposure represented EUR 627 billion of the gross credit risk at 31 December 2011 compared with EUR 707 billion at 31 December 2010.

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

TABLE 8: 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 remained broadly steady, with the exception of exposures rated 1 and 2, due to the downgrading from 1 to 2 of certain government sovereign ratings.

CORPORATE PORTFOLIO BY CLASS AND INTERNAL RATING

The tables below present the breakdown by internal rating of the corporate loans and commitments (asset classes: corporates, central governments and central banks, and institutions) for all the Group's business lines using the advanced IRB Approach. This exposure represented EUR 643 billion of the gross credit risk at 31 December 2011, including 627 billions of euros of performing loans and 15 billions of non-performing loans, compared with EUR 721 billion at 31 December 2010, including 707 billions of euros of performing loans and 14 billions of non-performing loans, and concerns CIB, FRB, BeLux Retail Banking as well as BNP Paribas Securities Services (BP2S) within the Investment Solutions division.

The tables also give the weighted averages of the main risk parameters in the Basel framework:

- weighted average of Credit Conversion Factor (CCF) for off-balance sheet items: average CCF(1);
- average Loss Given Default weighted by Exposure At Default: average LGD(2);

as well as the average risk weight: average RW(3) defined as the ratio between risk-weighted assets and Exposure At Default (EAD).

The column "expected loss" presents the expected loss at a one-year horizon.

(1) Average CCF: average of Credit Conversion Factor weighted by off-balance sheet exposure.

(2) Average LGD: average Loss Given Default weighted by Exposure At Default.

(3) Average RW: average risk weight.

➤ **TABLE 9: BREAKDOWN OF IRBA CORPORATE EXPOSURES BY CLASS AND INTERNAL RATING**

										31 December 2011
In millions of euros	Internal rating	Total exposure	Balance sheet exposure	Off-balance sheet exposure	Average off-balance sheet CCF	Exposure at Default (EAD)	Average LGD	Average RW	Expected Loss	Risk-weighted assets
Central governments and central banks	1	115,188	109,596	5,592	75%	112,751	2%	0%	0	279
	2	26,255	25,537	718	69%	25,914	3%	1%	0	275
	3	1,034	1,006	28	53%	1,024	19%	16%	0	160
	4	4,318	2,720	1,598	55%	3,601	9%	8%	1	291
	5	1,744	1,686	58	70%	1,825	36%	59%	3	1,068
	6	1,017	744	273	56%	899	14%	28%	1	249
	7	1,441	973	468	57%	1,241	5%	14%	2	177
	8	668	428	240	63%	579	15%	56%	6	325
	9	309	231	78	55%	272	40%	195%	14	529
	10	12	7	5	50%	8	76%	427%	1	35
	11	3,619	3,619	0	67%	3,618		25%	1,946	922
TOTAL		**155,605**	**146,547**	**9,058**	**69%**	**151,732**	**3%**	**3%**	**1,974**	**4,310**
Institutions	1	12,546	9,648	2,898	84%	12,112	17%	6%	1	706
	2	38,766	28,259	10,507	75%	36,191	17%	6%	2	2,115
	3	10,033	5,828	4,205	71%	8,736	26%	15%	2	1,278
	4	5,202	3,324	1,878	59%	4,402	34%	26%	2	1,155
	5	4,600	3,181	1,419	59%	3,994	33%	39%	5	1,572
	6	3,727	2,595	1,132	58%	3,256	32%	64%	12	2,070
	7	1,870	1,455	415	54%	1,689	26%	74%	13	1,253
	8	1,419	999	420	51%	1,221	25%	92%	21	1,119
	9	848	399	449	51%	632	43%	210%	33	1,328
	10	688	89	599	62%	467	32%	167%	28	778
	11	566	483	83	96%	565		3%	171	16
	12	310	310	0	80%	312		0%	289	1
TOTAL		**80,575**	**56,570**	**24,005**	**71%**	**73,577**	**21%**	**18%**	**579**	**13,391**
Corporates	1	11,083	4,627	6,456	60%	8,525	19%	6%	0	531
	2	53,904	13,245	40,659	60%	36,967	34%	13%	5	4,660
	3	49,455	16,007	33,448	59%	35,052	37%	23%	10	7,931
	4	63,907	26,893	37,014	58%	47,744	32%	29%	27	13,871
	5	66,587	33,994	32,593	59%	51,162	31%	42%	57	21,423
	6	72,534	42,264	30,270	61%	57,971	25%	54%	165	31,209
	7	50,028	31,077	18,951	61%	41,118	25%	73%	300	30,042
	8	18,111	13,125	4,986	59%	15,668	22%	84%	227	13,219
	9	4,981	3,620	1,361	57%	4,332	26%	122%	129	5,276
	10	5,103	3,936	1,167	74%	4,608	28%	153%	250	7,034
	11	8,052	6,852	1,200	72%	7,863		21%	2,826	1,649
	12	2,872	2,717	155	86%	2,856		2%	2,489	44
TOTAL		**406,617**	**198,357**	**208,260**	**60%**	**313,866**	**29%**	**44%**	**6,485**	**136,889**
TOTAL		**642,797**	**401,474**	**241,323**	**61%**	**539,175**	**21%**	**29%**	**9,038**	**154,590**

In millions of euros	Internal rating	Total exposure	Balance sheet exposure	Off-balance sheet exposure	Average off-balance sheet CCF	Exposure at Default (EAD)	Average LGD	Average RW	Expected Loss	Risk-weighted assets
	31 December 2010									
Central governments and central banks	1	144,682	143,188	1,494	99%	144,232	6%	0%	0	327
	2	13,682	13,142	540	65%	13,455	9%	4%	0	558
	3	1,450	1,299	151	74%	1,421	9%	5%	0	73
	4	5,923	5,735	188	60%	5,837	21%	27%	2	1,573
	5	4,218	2,031	2,187	55%	3,256	14%	20%	1	638
	6	1,580	1,080	500	55%	1,369	9%	24%	2	324
	7	1,850	840	1,010	66%	1,510	4%	13%	2	190
	8	574	401	173	70%	526	3%	19%	2	98
	9	169	102	67	55%	131	22%	116%	4	153
	10	203	188	15	50%	194	68%	358%	25	695
	11	31	31	0		30		0%	20	0
TOTAL		**174,362**	**168,037**	**6,325**	**69%**	**171,961**	**7%**	**3%**	**58**	**4,628**
Institutions	1	25,259	20,543	4,716	67%	23,884	14%	4%	1	1,029
	2	29,934	24,051	5,883	70%	28,475	10%	5%	2	1,478
	3	18,890	14,994	3,896	69%	17,673	26%	13%	4	2,360
	4	7,037	5,035	2,002	61%	6,349	30%	26%	3	1,644
	5	7,442	6,018	1,424	64%	6,914	33%	41%	8	2,831
	6	3,337	2,204	1,133	57%	2,910	40%	78%	12	2,262
	7	3,460	2,606	854	58%	3,087	25%	74%	22	2,287
	8	1,804	1,214	590	57%	1,586	23%	87%	25	1,373
	9	946	586	360	58%	805	26%	226%	45	1,817
	10	863	168	695	78%	726	26%	155%	40	1,124
	11	919	864	55	99%	933		5%	234	43
	12	213	207	6	100%	216		2%	143	5
TOTAL		**100,104**	**78,490**	**21,614**	**67%**	**93,558**	**19%**	**20%**	**539**	**18,253**
Corporates	1	10,280	2,829	7,451	53%	6,787	23%	8%	1	522
	2	62,360	17,414	44,946	57%	42,998	36%	11%	5	4,867
	3	55,959	18,842	37,117	53%	38,402	37%	20%	12	7,856
	4	69,439	28,766	40,673	58%	51,632	33%	27%	28	13,874
	5	73,445	37,659	35,786	64%	58,489	31%	40%	67	23,579
	6	76,646	45,447	31,199	69%	64,687	24%	50%	173	32,314
	7	55,747	34,261	21,486	73%	48,459	23%	71%	331	34,219
	8	19,894	13,808	6,086	76%	18,217	22%	83%	260	15,077
	9	4,307	3,220	1,087	59%	3,858	23%	111%	104	4,301
	10	6,037	4,146	1,891	66%	5,253	23%	125%	229	6,569
	11	9,072	7,849	1,223	81%	8,695		14%	3,628	1,255
	12	2,955	2,784	171	87%	2,949		1%	2,371	27
TOTAL		**446,141**	**217,025**	**229,116**	**62%**	**350,426**	**29%**	**41%**	**7,209**	**144,459**
TOTAL		**720,607**	**463,552**	**257,055**	**62%**	**615,945**	**21%**	**27%**	**7,806**	**167,340**

Most of the Group's central governments and central banks and institutions counterparties are of very high credit quality and based in developed countries, meaning that they have very good internal ratings and very low average Loss Given Default.

The majority of the Group's corporate commitments concerns counterparties of excellent or good quality, reflecting the large part of multinationals in BNP Paribas' customer base. Others exposures are mainly structured transactions or transactions secured by high-quality assets, reflected in their average LGD levels.

RETAIL BANKING OPERATIONS [Audited]

Retail banking operations are carried out by the BNP Paribas network of branches in France and by various subsidiaries, particularly in Italy, Belgium and Luxembourg, as well as by BNP Paribas Personal Finance.

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

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

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

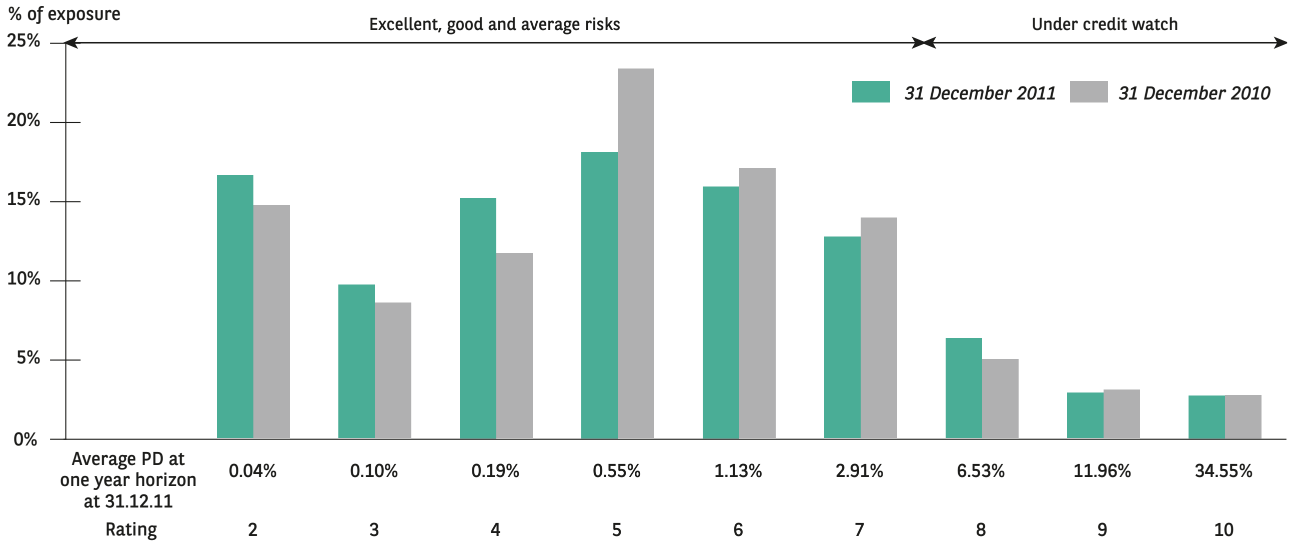
For the portion of the BNP Paribas Personal Finance book eligible for the IRBA, the risk parameters are determined by the Risk Management Department on a statistical basis according to customer type and relationship history.

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

The chart below shows a breakdown by credit rating of performing loans and commitments in the retail book for all the Group's business lines, measured using the internal ratings based approach.

This exposure represented EUR 192 billion of the gross credit risk at 31 December 2011, unchanged compared with 31 December 2010.

TABLE 10: BREAKDOWN OF IRBA RETAIL EXPOSURES BY CREDIT RATING



The evolution of the probability of default curve, between 31 December 2010 and 31 December 2011, is linked to the evolution of the policy for retail operations implemented on French Retail Banking. On this perimeter, ratings models have been reviewed and improved, at the request of Autorité de Contrôle Prudentiel, taking into account new available information on clients, this evolution occurred at 31 December 2011.

RETAIL PORTFOLIO BY CLASS AND INTERNAL RATING

The following table gives the breakdown by internal rating of the retail loans and commitments for all of the Group's business lines using the advanced IRB Approach. This exposure represented EUR 200 billion at 31 December 2011, compared with EUR 198 billion at 31 December 2010, and primarily concerns French Retail Banking (FRB), BeLux Retail Banking and consumer loan subsidiaries of BNP Paribas Personal Finance in Western Europe.

➤ **TABLE 11: BREAKDOWN OF IRBA RETAIL EXPOSURES BY CLASS AND INTERNAL RATING**

In millions of euros	31 December 2011									
	Internal rating	Total exposure	Balance sheet exposure	Off-balance sheet exposure	Average off-balance sheet CCF	Exposure at Default (EAD)	Average LGD	Average RW	Expected Loss	Risk-weighted assets
Mortgages	2	21,961	21,178	783	90%	21,643	12%	1%	1	274
	3	13,263	12,842	421	96%	13,259	12%	3%	1	334
	4	16,946	16,431	515	97%	16,832	12%	5%	4	835
	5	15,791	15,058	733	99%	15,592	11%	11%	11	1,782
	6	13,001	12,711	290	96%	13,704	10%	21%	17	2,876
	7	5,431	5,363	68	97%	5,536	10%	30%	18	1,684
	8	1,837	1,781	56	98%	1,779	13%	50%	19	882
	9	1,238	1,219	19	99%	1,234	13%	68%	20	843
	10	892	881	11	100%	900	13%	67%	44	601
	11	161	159	2	100%	161		124%	16	200
	12	1,102	1,099	3	100%	1,096		0%	258	0
TOTAL		**91,623**	**88,722**	**2,901**	**95%**	**91,736**	**12%**	**11%**	**409**	**10,311**
Revolving exposures	1	0	0	0	100%	0	43%	20%	0	0
	2	1,611	103	1,508	47%	2,249	54%	1%	0	34
	3	1,338	99	1,238	35%	828	50%	3%	0	23
	4	2,124	150	1,974	40%	1,382	47%	5%	1	71
	5	6,012	116	5,896	41%	2,695	52%	11%	6	294
	6	3,710	549	3,161	36%	1,995	48%	20%	10	396
	7	4,838	1,831	3,008	42%	3,159	42%	39%	42	1,232
	8	2,671	1,588	1,083	47%	2,130	44%	63%	56	1,352
	9	1,141	849	292	33%	974	49%	103%	54	1,008
	10	1,480	965	514	22%	1,086	49%	141%	174	1,527
	11	1,003	962	42	8%	1,166		51%	673	593
	12	469	469	0	100%	469		0%	302	0
TOTAL		**26,397**	**7,681**	**18,716**	**40%**	**18,135**	**48%**	**36%**	**1,318**	**6,530**
Other exposures	1	5	5	0		5	21%	10%	0	1
	2	8,301	6,924	1,377	91%	8,370	28%	3%	1	291
	3	4,035	2,923	1,112	91%	3,455	30%	7%	1	232
	4	10,057	8,542	1,515	90%	9,893	31%	13%	6	1,293
	5	12,914	10,657	2,257	97%	12,583	28%	22%	15	2,823
	6	13,831	12,364	1,467	87%	13,887	24%	27%	34	3,786
	7	14,134	12,996	1,138	93%	14,141	23%	35%	90	4,923
	8	7,613	7,136	477	89%	7,486	21%	37%	95	2,743
	9	3,087	2,935	152	89%	3,119	31%	60%	116	1,870
	10	2,796	2,717	79	98%	2,757	26%	63%	248	1,750
	11	2,772	2,737	35	100%	2,955		53%	1,569	1,574
	12	2,005	1,995	10	100%	2,063		0%	1,231	0
TOTAL		**81,550**	**71,931**	**9,619**	**92%**	**80,714**	**26%**	**26%**	**3,406**	**21,286**
TOTAL		**199,570**	**168,334**	**31,236**	**61%**	**190,586**	**21%**	**20%**	**5,133**	**38,127**

In millions of euros	Internal rating	Total exposure	Balance sheet exposure	Off-balance sheet exposure	Average off-balance sheet CCF	Exposure at Default (EAD)	Average LGD	Average RW	Expected Loss	Risk-weighted assets
	31 December 2010									
Mortgages	2	23,388	22,314	1,074	100%	23,406	14%	1%	1	329
	3	10,679	10,077	602	100%	10,725	14%	3%	2	337
	4	11,460	10,955	505	100%	11,489	14%	5%	3	601
	5	24,094	23,165	929	100%	24,087	13%	9%	13	2,280
	6	13,298	12,980	318	100%	13,174	11%	20%	16	2,644
	7	7,548	6,984	564	100%	7,510	11%	31%	24	2,291
	8	640	603	37	100%	650	9%	50%	10	328
	9	1,324	1,301	23	100%	1,327	16%	84%	26	1,113
	10	708	696	12	100%	707	14%	79%	29	561
	11	146	146	0	100%	146		200%	16	292
	12	924	921	3	100%	920		0%	118	0
TOTAL		**94,209**	**90,142**	**4,067**	**100%**	**94,141**	**13%**	**11%**	**258**	**10,777**
Revolving exposures	2	900	203	697	52%	1,778	50%	1%	0	21
	3	1,698	365	1,333	22%	1,764	49%	2%	0	37
	4	4,632	277	4,355	45%	2,746	56%	5%	3	147
	5	5,129	369	4,760	41%	2,800	50%	9%	5	249
	6	5,114	677	4,437	33%	2,508	48%	20%	13	504
	7	5,055	2,193	2,862	49%	3,757	42%	38%	47	1,411
	8	1,716	1,172	544	49%	1,501	44%	65%	41	976
	9	1,070	845	225	49%	1,032	47%	100%	56	1,034
	10	1,438	1,187	251	44%	1,338	48%	138%	200	1,842
	11	1,446	1,017	429	4%	1,038		86%	546	893
	12	458	458	0	101%	458		0%	274	0
TOTAL		**28,656**	**8,763**	**19,893**	**40%**	**20,720**	**48%**	**34%**	**1,185**	**7,114**
Other exposures	1	2	2	0		2	32%	18%	0	0
	2	3,774	2,955	819	100%	3,660	34%	4%	0	143
	3	3,906	3,127	779	93%	3,862	35%	8%	1	290
	4	6,193	5,184	1,009	88%	6,169	35%	13%	3	787
	5	15,252	12,738	2,514	94%	14,843	28%	22%	19	3,306
	6	14,075	12,743	1,332	87%	13,633	22%	28%	35	3,785
	7	13,898	12,679	1,219	90%	13,693	21%	35%	83	4,805
	8	7,115	6,626	489	85%	7,082	19%	38%	93	2,704
	9	3,440	3,308	132	86%	3,500	30%	58%	123	2,014
	10	3,031	2,972	59	90%	3,033	27%	67%	289	2,023
	11	2,847	2,804	43	83%	2,827		88%	1,356	2,496
	12	1,906	1,894	12	100%	1,966		0%	1,071	0
TOTAL		**75,439**	**67,032**	**8,407**	**91%**	**74,270**	**26%**	**30%**	**3,074**	**22,353**
TOTAL		**198,304**	**165,937**	**32,367**	**61%**	**189,131**	**22%**	**21%**	**4,516**	**40,244**

Most of the mortgage exposures concern the French Retail Banking business (FRB), BNP Paribas Fortis, BGL BNP Paribas and BNP Paribas Personal Finance. Mortgages are issued according to strict and well-defined procedures. The low average Loss Given Default level reflects the guarantees put in place when the mortgages were granted.

Most of the revolving exposures and other exposures relate to consumer loans subsidiaries that have a wide range of customers in terms of credit quality and a lower level of guarantees.

For the scope under the IRB Approach, the Group believes that publishing a comparison between Expected Losses (EL) at one year and realised cost of risk (as requested by article 384-4 i. of the Regulation) is not relevant for the following reasons:

- risk parameters used to calculate Expected Loss (EL) at a one-year horizon according to Basel committee principles, displayed in the previous tables, are statistical estimates through the cycle.
- realised losses, on the other hand, refer to the past period, therefore at a particular point in time.

CREDIT RISK: STANDARDISED APPROACH

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

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

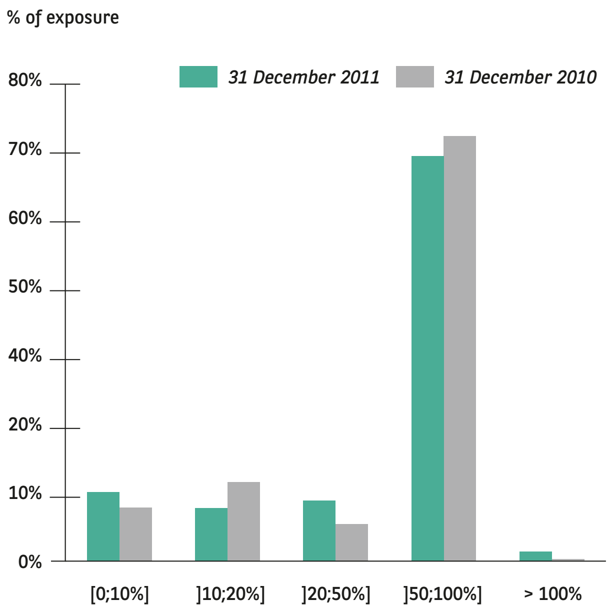
At 31 December 2011 standardised approach exposure represents 30% of the BNP Paribas group's total gross exposures, compared with 28% at 31 December 2011. The main entities that used the standardised approach at 31 December 2010 are BNL, BancWest, BNP Paribas Personal Finance (consumer finance outside Western Europe and all mortgage lending), BNP Paribas Leasing Solutions (BPLS), TEB and others emerging country subsidiaries, private banking entities, and Banque de la Poste in Belgium.

CORPORATE PORTFOLIO [Audited]

The opposite chart shows a breakdown by credit rating of performing loans and commitments in the Corporate book (exposure classes: corporates, central governments and central banks, institutions) for all the Group's business lines, measured using the standardised approach.

This exposure represented EUR 197 billion of the gross credit risk at 31 December 2011 compared with EUR 192 billion at 31 December 2010.

TABLE 12: 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.

RETAIL PORTFOLIO [Audited]

The total exposure of retail loans and commitments for all of the Group's business lines using the standard approach represented EUR 174 billion at 31 December 2011, compared with EUR 176 billion at 31 December 2010.

TOTAL PORTFOLIO

The following table gives the breakdown by counterparty credit rating of the loans and commitments for all the Group business lines using the standardised approach. This exposure represented EUR 381 billion of the gross credit risk at 31 December 2011, compared with EUR 378 billion at 31 December 2010.

TABLE 13: CREDIT RISK EXPOSURE BY CLASS AND EXTERNAL RATING IN THE STANDARDISED APPROACH

In millions of euros	External rating(*)	31 December 2011			31 December 2010		
		Gross exposure(**)	Exposure at Default (EAD)	Risk-weighted assets (RWA)	Gross exposure(**)	Exposure at Default (EAD)	Risk-weighted assets (RWA)
Central governments and central banks	AAA to AA-	12,533	12,503	58	11,516	11,486	91
	A+ to A-	2,707	2,675	66	1,947	1,903	135
	BBB+ to BBB-	933	919	451	1,829	1,801	908
	BB+ to BB-	2,591	2,587	835	2,299	2,296	2,227
	B+ to B-	1,221	1,206	1,206	990	990	993
	No external rating	1,026	1,014	842	1,037	1,036	826
TOTAL		**21,011**	**20,904**	**3,458**	**19,618**	**19,512**	**5,180**
Institutions	AAA to AA-	16,821	15,890	2,292	22,219	20,557	4,166
	A+ to A-	6,504	6,037	2,566	574	475	236
	BBB+ to BBB-	537	463	438	1,124	829	723
	BB+ to BB-	811	621	621	651	517	517
	B+ to B-	361	314	315	245	209	209
	CCC+ to D	7	6	8	0	0	0
	No external rating	1,990	1,822	1,042	2,404	2,184	1,386
TOTAL		**27,031**	**25,153**	**7,282**	**27,217**	**24,771**	**7,237**
Corporates	AAA to AA-	200	184	37	1,516	1,463	546
	A+ to A-	3,217	2,669	1,332	1,072	948	477
	BBB+ to BBB-	791	632	628	549	435	436
	BB+ to BB-	427	321	314	425	359	360
	B+ to B-	113	76	114	437	398	602
	CCC+ to D	1	1	1	9	7	10
	No external rating	155,013	118,789	114,657	150,675	114,149	109,022
TOTAL		**159,762**	**122,672**	**117,083**	**154,683**	**117,759**	**111,453**
Retail	No external rating	173,654	147,635	82,922	176,009	145,748	81,826
TOTAL		**173,654**	**147,635**	**82,922**	**176,009**	**145,748**	**81,826**
TOTAL		**381,458**	**316,364**	**210,745**	**377,527**	**307,790**	**205,696**

(*) According to Standard and Poor's.
(**) Balance sheet and off-balance sheet.

The table above excludes counterparty risk, other non credit-obligation assets and securitisation positions.

At 31 December 2011, 83% of the Group's total exposure to central governments, central banks, and institutions was investment grade, compared with 84% at 31 December 2010.

Group entities that use the standardised approach to calculate their capital requirement typically have a business model focused primarily on individuals or SMEs or are located in a region of the world with an underdeveloped credit rating system (Turkey, Ukraine, Middle East, etc.). As a result, most of corporate counterparties do not have an external rating under the standardised approach.

EXPOSURE IN DEFAULT, PROVISIONS AND COST OF RISK

TABLE 14: LOANS WITH PAST-DUE INSTALMENTS, WHETHER IMPAIRED OR NOT, AND RELATED COLLATERAL OR OTHER SECURITY

(See note 5 to the Financial Statements: Notes to the balance sheet at 31 December 2011)

TABLE 15: EXPOSURE IN DEFAULT BY GEOGRAPHIC BREAKDOWN

	31 December 2011			
		Exposure in default(*)		
In millions of euros	Gross exposure	Standardised approach	IRBA	Fair value adjustment
France	351,136	3,888	6,387	5,650
Belgium & Luxembourg	183,244	150	4,722	2,101
Italy	143,674	12,242	178	6,234
United Kingdom	43,545	107	1,436	847
Netherlands	45,842	93	182	140
Other West European countries	123,636	1,638	6,944	4,669
Central Eastern Europe	32,745	1,684	656	1,587
Turkey	21,084	282	2	195
Mediterranean	18,830	617	216	515
Gulf States & Africa	29,064	489	1,219	765
North America	184,656	1,022	1,843	856
Latin America	26,224	202	352	383
Japan & Australia	19,703	2	72	40
Emerging Asian countries	50,448	90	200	101
TOTAL	**1,273,831**	**22,506**	**24,409**	**24,083**

	31 December 2010			
		Exposure in default(*)		
In millions of euros	Gross exposure	Standardised approach	IRBA	Fair value adjustment
France	343,764	3,555	8,225	5,523
Belgium & Luxembourg	180,919	156	4,615	2,093
Italy	155,504	10,397	128	5,369
United Kingdom	57,292	179	1,362	1,335
Netherlands	48,400	41	614	175
Other West European countries	149,858	1,856	3,052	2,752
Central Eastern Europe	38,970	2,376	863	1,967
Turkey	20,898	348	9	237
Mediterranean	19,121	543	195	474
Gulf States & Africa	33,670	434	1,178	659
North America	165,363	1,265	2,189	954
Latin America	31,383	499	700	776
Japan & Australia	43,523	38	751	343
Emerging Asian countries	64,889	147	231	178
TOTAL	**1,353,554**	**21,834**	**24,112**	**22,835**

(*) *Gross exposure (balance sheet and off-balance sheet) before collateral or other security.*

➤ TABLE 16: EXPOSURES IN DEFAULT, FAIR VALUE ADJUSTMENTS, AND COST OF RISK BY BASEL ASSET CLASS

The cost of risk in the table below relates to credit risk only and does not include impairments of counterparty risk on market financial instruments. *(See note 2.f to the Financial Statements, Cost of risk.)*

In millions of euros	31 December 2011					
	Gross exposure	Exposure in default(*) Standardised approach	Exposure in default(*) IRBA	Fair value adjustment	Total portfolio provisions	Cost of risk
Central governments and central banks	176,616	79	3,619	1,972		
Corporates	566,379	10,397	10,923	10,537		
Institutions	107,606	469	876	708		
Retail	373,224	11,262	7,513	10,195		
Securitisation positions	50,006	299	1,478	671		
TOTAL	**1,273,831**	**22,506**	**24,409**	**24,083**	**4,997**	**(6,665)**

In millions of euros	31 December 2010					
	Gross exposure	Exposure in default(*) Standardised approach	Exposure in default(*) IRBA	Fair value adjustment	Total portfolio provisions	Cost of risk
Central governments and central banks	193,980	26	32	65		
Corporates	600,824	9,947	12,027	11,382		
Institutions	127,321	548	1,132	638		
Retail	374,313	10,756	7,726	9,535		
Securitisation positions	57,116	557	3,195	1,215		
TOTAL	**1,353,554**	**21,834**	**24,112**	**22,835**	**5,495**	**(4,635)**

(*) Gross exposure (balance sheet and off-balance sheet) before collateral or other security.

➤ TABLE 17: UNIMPAIRED EXPOSURES WITH PAST DUE INSTALMENTS BY BASEL ASSET CLASS AND CALCULATION APPROACH

In millions of euros	31 December 2011				
	Maturities of unimpaired past-due loans(*)				
	Up to 90 days	Between 90 days and 180 days	Between 180 days and 1 year	More than 1 year	Total
Central governments and central banks	53	14	2	3	72
Corporates	5,665	307	20	6	5,998
Institutions	253	0			253
Retail	6,400	182	2	4	6,588
TOTAL STANDARDISED APPROACH	**12,371**	**503**	**24**	**13**	**12,911**
Central governments and central banks	208	163	3	13	387
Corporates	1,552	0	87	17	1,656
Institutions	133	0			133
Retail	2,780	36	5	1	2,822
TOTAL IRB APPROACH	**4,673**	**199**	**95**	**31**	**4,998**
TOTAL	**17,044**	**702**	**119**	**44**	**17,909**

In millions of euros	31 December 2010				
	Maturities of unimpaired past-due loans(*)				
	Up to 90 days	Between 90 days and 180 days	Between 180 days and 1 year	More than 1 year	Total
Central governments and central banks	80	3	1	0	84
Corporates	4,475	263	23	55	4,816
Institutions	155	0	3	23	181
Retail	4,092	181	11	34	4,318
TOTAL STANDARDISED APPROACH	**8,802**	**447**	**38**	**112**	**9,399**
Central governments and central banks	24			16	40
Corporates	2,539	27	31	101	2,698
Institutions	173	3		1	177
Retail	3,203	45	16	15	3,279
TOTAL IRB APPROACH	**5,939**	**75**	**47**	**133**	**6,194**
TOTAL	**14,741**	**522**	**85**	**245**	**15,593**

(*) *Based on FINREP, gross exposure (balance sheet) before collateral or other security.*

CREDIT RISK MITIGATION TECHNIQUES

Credit risk mitigants (CRM) are taken into account according to the Basel II rules. In particular, their effect is assessed under conditions characteristic of an economic downturn. The CRM fall into two main categories.

Guarantees on the one hand, and collateral on the other hand.

- A guarantee (surety) is the commitment by a third party to replace the primary obligor in the event of default. By extension, credit insurance and credit derivatives (purchased protection) fall into this category.
- Collateral pledged to the Bank are used to secure timely performance of a borrower's financial obligations.

For the scope under the IRB Approach, guarantees and collaterals are taken into account, provided they are eligible, by decreasing the Loss Given Default (LGD) parameter that applies to the transactions of the banking book.

For the scope under the standardised approach, guarantees are taken into account, provided they are eligible, by applying the more favourable risk weight of the guarantor to a portion of the secured exposure adjusted for currency and maturity mismatches. Collateral is taken into account as a decrease in the exposure, after adjustment for any currency and maturity mismatches.

Guarantors are subject to the same rigorous credit risk assessment process as primary obligors.

The assessment of credit risk mitigating effect follows a methodology that is approved for each activity and is used throughout the Group. In the CIB division, risk mitigation effects take account of possible correlation between the guarantor and the borrower (for example, whether they belong to the same industry sector). Credit committees must approve the mitigation effects attributed to each loan at inception and at each subsequent annual review.

Collateral is divided into two categories: financial collateral and other collateral:

- financial collateral consists of cash amounts (including gold), equities (listed or unlisted) and bonds;
- other collateral can take the form of real estate mortgage, pledge on vessel or aircraft, pledge on stock, assignment of contracts or any other right with respect to an asset of the obligor.

To be eligible, collaterals must fulfil the following conditions:

- the value of the collateral must not be highly correlated with the risk on the obligor (in particular, shares of the obligor are not eligible);
- the pledge must be documented;
- the Bank must be able to assess the value of the collateral security under economic downturn conditions;
- the Bank must have reasonable comfort in the potential appropriation and realisation of the asset concerned.

In the CIB division, each collateral is evaluated using appropriate techniques, and the mitigating effect is evaluated individually for each case. In the Retail Banking business, the presence or absence of a particular type of collateral may, depending on the coverage ratio, lead to assigning the exposure to particular LGD class on a statistical basis.

Guarantees are granted by the obligor's parent company or by other entities such as financial institutions. Other examples of guarantees are credit derivatives, guarantees from public or private insurers.

A guarantee cannot be eligible to improve the risk parameters of a transaction unless the guarantor is rated better than the counterparty, and the guarantor is subject to same requirements as the primary debtor in terms of prior credit analysis.

In accordance with general rating policy, collateral and guarantees are taken into account at their economic value and are only accepted as the principal source of repayment by exception. In the context of commodities financing, for example, the repayment capacity of the obligor must be assessed on the basis of its operating cash flow.

The economic value of the collateralised assets must be assessed with great objectivity and the Bank has to document it. It may be a market value, a value appraised by an expert, a book value. The economic value is the current value at the date of appraisal and not a value on default date.

Lastly, Group procedures require a re-evaluation of collaterals at least annually for the CIB perimeter.

➤ TABLE 18: IRB APPROACH – CORPORATE PORTFOLIO

The following table gives for the Corporate portfolio the breakdown by Basel asset class of the risk mitigation resulting from collateral and guarantees relating to the portfolio of loans and credit commitments for all the Group's business lines using the advanced IRB Approach.

	31 December 2011				31 December 2010			
		Risk mitigation				Risk mitigation		
In millions of euros	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collaterals	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collaterals
Central governments and central banks	155,605	5,427	22,467	27,895	174,362	5,106	31,523	36,630
Corporates	406,617	73,904	68,816	142,719	446,141	80,885	72,338	153,223
Institutions	80,575	6,161	5,221	11,382	100,104	4,903	10,228	15,131
TOTAL	**642,797**	**85,492**	**96,504**	**181,996**	**720,607**	**90,894**	**114,089**	**204,983**

➤ TABLE 19: STANDARDISED APPROACH – CORPORATE PORTFOLIO

The following table gives for the Corporate portfolio the breakdown by Basel asset class of the risk mitigation resulting from collateral and guarantees relating to the portfolio of loans and credit commitments for all the Group's business lines using the standardised approach.

	31 December 2011				31 December 2010			
		Risk mitigation				Risk mitigation		
In millions of euros	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collaterals	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collaterals
Central governments and central banks	21,011	401	7	409	19,618		40	40
Corporates	159,762	1,653	6,528	8,181	154,683	761	7,921	8,682
Institutions	27,031	4,816	8	4,824	27,217	254	143	397
TOTAL	**207,804**	**6,870**	**6,543**	**13,413**	**201,518**	**1,015**	**8,104**	**9,119**

5.6 Securitisation in the banking book

The BNP Paribas group is involved in securitisation transactions as originator, sponsor and investor as defined by Basel 2.5.

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

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

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

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

Consequently, the securitisation transactions discussed below only cover those originated by the Group deemed to be efficient under Basel 2.5, those arranged by the Group in which it has retained positions, and those originated by other parties to which the Group has subscribed.

ACCOUNTING METHODS [Audited]

(See note 1.d to the Financial Statements - Summary of significant accounting policies applied by the Group).

Proceeds from the sale of securitisation positions are recognised in accordance with rules for the category of origin of positions sold.

Therefore, for positions classified as loans and receivables and as available-for-sale assets, proceeds from asset sales are deducted from cost of risk in an amount equal to the net amount previously recognised. Any remaining amount is recognised as net gains on available-for-sale assets and other financial assets not stated at fair value.

For positions classified at fair value through profit or loss, proceeds from asset sales are recognised as net gains on financial instruments measured at fair value through profit or loss.

1) Securitisation positions classified as "Loans and receivables" are measured according to the amortised cost method as described in note 1.c.1 to the financial statements. The effective interest rate used to recognise interest income is measured on the basis of an expected cash flow model.

For assets that have been transferred from another accounting category (see note 1.c.6), upward revisions of recoverable estimated flows are recognised as an adjustment to the effective interest rate as of the date the estimate is changed. Downward revisions are reflected by an adjustment in the carrying value. The same applies to all revisions of recoverable estimated flows of assets not transferred from another accounting category. Impairment losses are recognised on these assets in accordance with the principles set out in note 1.c.5 concerning Loans and Receivables.

2) Securitisation positions classified on an accounting basis as available-for-sale assets are measured at their fair value (see note 1.c.3 and 1.c.10). Any changes to this amount, excluding accrued income, are presented in a specific sub-section of equity. On the sale of these securities, these unrealised gains or losses previously recognised as equity are recognised in the income statement. The same applies to impairment losses. The fair value is determined in accordance with the principles set out in note 1.c.10.

Assets pending securitisation are recognised in the "loans and receivables" category and in the prudential banking portfolio in the case of exposures resulting from the bank's balance sheet, for which the bank will be originator in the future securitisation within the meaning of Basel 2.

Meanwhile, assets pending securitisation are recognised in the "fair value through profit or loss" category and in the prudential banking portfolio in the case of exposures purchased and put into warehousing, for which the bank will be arranger in the future securitisation within the meaning of regulation.

SECURITISATION RISK MANAGEMENT [Audited]

The monitoring of the securitised assets includes Credit, Market and Liquidity Risk on the underlying assets, and Counterparty Risk on hedge counterparties of unfunded protections.

PROCEDURE FOR CREDIT RISK ON SECURITISED ASSETS

Approval of securitisation assets outside of the trading book are subject to specific Securitisation Credit Committees. For new transactions a pre-screening may be called prior to the committee in order to identify areas of further analysis to be performed. All approvals are subject to an annual review. Exposures are monitored daily against the limits set by the relevant Securitisation Credit Committees.

The performance of the underlying assets is closely monitored by region and by collateral type and securitisation positions may be added to the Watchlist and Doubtful list should the credit quality of their collateral deteriorate. Such positions are then subject to the Asset Securitisation Watchlist and Doubtful process, which requires review at least twice a year in addition to the regular Securitisation Credit Committees. The process is held quarterly for assets where BNP Paribas is investor. If a shortfall of assets relative to liabilities seems plausible under likely scenarios, then impairments are taken.

Re-securitisation originated by BNP Paribas are subject first to specific Transaction Approval Committees. The resulting assets are subsequently monitored under the Securitisation processes described above.

REPORTING

Positions are closely monitored by asset type, seniority and in terms of rating migration. The distance between the Net Book Value after provisions and the Fair Value (Level 2) is also monitored, and reported on a quarterly basis.

MARKET RISKS WITHIN THE BANKING BOOK

On fixed rate ABS positions, a macro hedge consisted of fixed/variable rate swaps was put in place to cover interest rate risk. The hedge is recorded in accordance with the rules of accounting for hedges.

LIQUIDITY RISK

The funding of securitised assets is secured by ALM department, on the basis of their weighted average lifetime.

COUNTERPARTY RISK

Derivatives on unfunded ABS positions are captured as Derivatives Counterparty exposures to the hedge counterparties. The Counterparty risk on hedge counterparties is monitored within the regular derivative counterparty framework.

BNP PARIBAS SECURITISATION ACTIVITY [Audited]

The Group's activities in each of its roles as originator, sponsor and investor, are described below:

➤ **TABLE 20: SECURITISED EXPOSURES AND SECURITISATION POSITIONS (HELD OR ACQUIRED) BY ROLE**

In millions of euros	31 December 2011		31 December 2010	
BNP Paribas role	**Securitised exposures originated by BNP Paribas(*)**	**Securitisation positions held or acquired (EAD)(**)**	**Securitised exposures originated by BNP Paribas(*)**	**Securitisation positions held or acquired (EAD)(**)**
Originator	13,332	3,086	15,985	4,351
Sponsor	251	16,544	217	17,440
Investor	0	25,535	0	30,140
TOTAL	**13,583**	**45,165**	**16,202**	**51,931**

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

(**) *Securitisation positions correspond to tranches retained in securitisation transactions originated or arranged by the Group, tranches acquired by the Group in securitisation transactions arranged by other parties, and facilities granted to securitisation transactions originated by other parties.*

PROPRIETARY SECURITISATION (ORIGINATOR UNDER BASEL 2.5)

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.

Four securitisation transactions were carried out in 2011 including three by BNP Paribas Personal Finance and one by the Retail Banking France.

Securitised customer assets totalled EUR 4.6 billion in 2011:

- EUR 3.1 billion of notes issued were retained by the Group, including EUR 1.5 billion that can be used as collateral for refinancing operations;
- EUR 1.5 billion of notes issued were sold on the market.

These transactions have no reducing effect on the calculation of regulatory capital because they do not give rise to any significant risk transfer. The relevant exposures are therefore included in the section on credit risk.

36 transactions, totalling a securitised exposure (Group BNP Paribas' share) of EUR 60.2 billion, are outstanding at 31 December 2011. These include EUR 17.5 billion for BNP Paribas Personal Finance, EUR 0.3 billion for Equipment Solutions, EUR 6.9 billion for BNL, EUR 34.5 billion for BNP Paribas Fortis and one billion of euros for the French Retail Banking.

Only five of these transactions, representing a total securitised exposure of EUR 3.4 billion, have been excluded from Basel 2.5 credit risk framework and integrated in Basel 2.5 securitisation framework due to significant risk transfer, and are included in the table above. Securitisation positions retained in these transactions amount to EUR 1.5 billion at 31 December 2011 compared with EUR 1.2 billion at 31 December 2010.

When BNP Paribas acquired the Fortis Group entities, the riskiest portion of their structured asset portfolio was sold to a dedicated SPV, Royal Park Investment. The SPV's securitised exposures amount to EUR 9.1 billion. The Group retains EUR 1.4 billion in securitisation positions in the SPV at 31 December 2011 compared with EUR 2.9 billion at 31 December 2010, including EUR 0.2 billion of the equity tranche, EUR 0.5 billion of financing corresponding to a senior tranche and EUR 0.6 billion of financing corresponding to a super senior tranche (compared with EUR 2.2 billion at 31 December 2010).

Lastly, the exposures retained in securitisation transactions originated by BNP Paribas amounted to EUR 0.2 billion at 31 December 2011, unchanged compared with 31 December 2010.

SECURITISATION AS SPONSOR ON BEHALF OF CLIENTS

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

Short-term refinancing

At 31 December 2011, five non-consolidated multiseller conduits (Eliopée, 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. Liquidity facilities granted to the five conduits remained stable at EUR 9.7 billion, compared to EUR 9.6 billion at 31 December 2010.

Medium/long-term refinancing

In Europe and Northern America, the BNP Paribas group's structuring platform remained active in providing securitisation solutions to its clients, based on products adapted to current conditions in terms of risk and liquidity. "Technical" liquidity facilities, designed to cover maturity mismatches are also granted, where appropriate, to non consolidated funds, arranged by the Group for receiving securitised customer assets. The total of these facilities, including the few residual positions retained, amounted to EUR 1.9 billion at 31 December 2011 compared with EUR 1.7 billion at 31 December 2010.

BNP Paribas Fortis has also granted liquidity facilities to the Scaldis multiseller conduit, totalling EUR 4.7 billion at 31 December 2011 compared with EUR 6.1 billion at 31 December 2010.

During 2011, BNP Paribas continued to manage CLO (Collateralized Loan Obligation) conduits for third-party investors. In the context of a primary CLO market still closed due to adverse market conditions, BNP Paribas acquired a CLO management agreement from another collateral manager. Securitisation positions retained amounted to EUR 25 million as at 31 December 2011, unchanged compared with 31 December 2010.

SECURITISATION AS INVESTOR

The BNP Paribas group's securitisation business as an investor (within the meaning of the regulation rules) is mainly carried out by CIB, Investment Solutions and BancWest, aside from the portfolio positions inherited from BNP Paribas Fortis.

CIB Fixed Income is responsible for monitoring and managing an ABS portfolio (Asset Backed Securities), which represented a total of EUR 2.9 billion at 31 December 2011 compared with EUR 4.4 billion at 31 December 2010. Fixed Income also manages liquidity facilities granted by banking syndicates to ABCP (Asset Backed Commercial Paper) conduits managed by a number of major international industrial groups that are BNP Paribas clients representing a total of EUR 0.6 billion at 31 December 2011, compared with EUR 0.5 billion at 31 December 2010.

In addition, Fixed Income also houses Negative Basis Trade (NBT) positions representing an exposure at default of EUR 5.2 billion, compared with EUR 5.5 billion at 31 December 2010.

CIB Resource & Portfolio Management (RPM) also managed securitisation programmes as an investor in 2011, notably with a mixed investment programme (securitisation and corporate loan exposure) that was launched in the fourth quarter of 2010 (EUR 80 million). The exposure of the RPM-managed portfolio stood at EUR 0.5 billion at 31 December 2011, compared with EUR 0.4 million at 31 December 2010.

During 2011, Investment Solutions reduced securitisation exposure from EUR 2.1 billion on 31 December 2010 to EUR 1.4 billion on 31 December 2011, primarily thanks to reimbursements and sales.

BancWest invests exclusively in securitisation positions in listed securities as a core component of its refinancing and own funds investment policy. BancWest continue to reduce positions requiring significant amounts of capital in 2011. At 31 December 2011, BancWest's securitisation positions amounted to EUR 0.3 billion compared with EUR 0.5 billion at 31 December 2010.

BNP Paribas Fortis' portfolio of structured loans (Portfolio IN), which was not assigned to a business line and is housed in "Corporate Center", is worth EUR 6.1 billion, compared with 8.4 billion at 31 December 2010.

This portfolio carries a guarantee by the Belgian State on the second level of losses. Beyond a first tranche of final loss, against the notional value of EUR 3.5 billion largely provisioned in BNP Paribas Fortis' opening balance sheet, the Belgian State guarantees on demand a second loss tranche of up to EUR 1.5 billion.

In addition, BNP Paribas Fortis' investments in Dutch RMBS came to EUR 8.1 billion, unchanged compared with 31 December 2010.

SECURITISED EXPOSURES

➤ TABLE 21: SECURITISED EXPOSURES ORIGINATED BY BNP PARIBAS BY SECURITISATION TYPE

In millions of euros		Securitised exposures originated by BNP Paribas	
Securitisation type	**Calculation approach**	**31 December 2011**	**31 December 2010**
Traditional	IRBA	9,978	13,312
	Standardised	2,548	2,890
SUB-TOTAL		**12,526**	**16,202**
Synthetic	IRBA	1,057	0
TOTAL		**13,583**	**16,202**

➤ TABLE 22: SECURITISED EXPOSURES BY BNP PARIBAS BY SECURITISATION TYPE AND UNDERLYING ASSET CATEGORY

In millions of euros	31 December 2011			
		Third-parties exposures		
Securitisation type and asset category(*)	**BNP Paribas exposures**		**of which ABCP**	**Total securitised exposures by BNP Paribas**
Residential mortgages	11,509	12,496	668	24,005
Consumer loans	-	2,195	1,538	2,195
Credit card receivables	-	-	-	-
Loans to corporates	821	4,826	795	5,647
Commercial and industrial loans	-	2,866	2,290	2,866
Commercial real-estate properties	-	688	474	688
Finance leases	-	1,369	156	1,369
Other assets	196	684	174	880
Traditional	**12,526**	**25,124**	**6,095**	**37,650**
Loans to corporates or SMEs	1,057	-	-	1,057
Synthetic	**1,057**	**0**	**0**	**1,057**
TOTAL	**13,583**	**25,124**	**6,095**	**38,707**

(*) This breakdown is based on the predominant underlying asset in the securitisation.

A little less of two thirds of exposures securitised by the Group are for third parties and 16% correspond to ABCP.

The securitised exposures from BNP Paribas balance sheet are essentially made up of residential mortgages. Among them, at 31 December 2011, five securitisation transactions on real estate properties were efficient from a Basel 2.5 perspective: four operations on residential mortgages ((Vela Home 2, Vela Home 3, Vela Home 4 et Vela ABS) originated by BNL for a total exposure of EUR 2.4 billion and a transaction on SME loans carried out by BDDF, with a guarantee from the European Investment Bank, for a total of securitised exposures of EUR one billion. Furthermore, the securitisation exposures of the special purpose vehicle Royal Park Investment (RPI), EUR 9.1 billion, are essentially made up of residential mortgages.

At the same date, no consumer loan securitisation transaction was efficient from a Basel 2.5 perspective. In addition, BNP Paribas did not securitised for its own account revolving exposures subject to early amortization treatment.

At 31 December 2011, EUR 0.8 billion of loans to corporates had been securitised within transactions arranged by the Group.

➤ TABLE 23: ASSETS AWAITING SECURITISATION

In millions of euros	31 December 2011	
Asset category	**Exposures awaiting securitisation by BNP Paribas**	**Exposures awaiting securitisation in warehousing**
Residential mortgages	1,800	0
Consumer loans	5,900	0
TOTAL	**7,700**	**0**

Assets awaiting securitisation above will be retained (non efficient from a Basel 2.5 perspective), except for EUR 700 million of consumer loans.

SECURITISATION POSITIONS

TABLE 24: SECURITISATION POSITIONS HELD OR ACQUIRED, BY UNDERLYING ASSET CATEGORY

In millions of euros		Securitisation positions held or acquired (EAD)					
		31 December 2011			31 December 2010		
BNP Paribas role	Asset category(*)	Balance sheet	Off-balance sheet	Total	Balance sheet	Off-balance sheet	Total
Originator	Residential mortgages	1,828	65	1,893	4,201	-	4,201
	Loans to corporates	1,182	9	1,191	121	9	130
	Re-securitisation positions				16	-	16
	Other assets	2	-	2	4	-	4
TOTAL ORIGINATOR		**3,012**	**74**	**3,086**	**4,342**	**9**	**4,351**
Sponsor	Residential mortgages	985	457	1,442	678	141	819
	Consumer loans	266	3,075	3,341	33	2,054	2,087
	Credit card receivables	630	-	630	773	37	810
	Loans to corporates	2,924	1,605	4,529	3,133	1,262	4,395
	Commercial and industrial loans	8	4,036	4,044	36	3,678	3,714
	Commercial real-estate properties	180	494	674	308	577	884
	Finance leases	864	729	1,593	1,121	1,592	2,713
	Re-securitisation positions				453	426	880
	Other assets	114	177	291	108	1,030	1,138
TOTAL SPONSOR		**5,971**	**10,573**	**16,544**	**6,643**	**10,797**	**17,440**
Investor	Residential mortgages	12,005	373	12,378	14,173	466	14,639
	Consumer loans	3,204	707	3,910	3,562	492	4,054
	Credit card receivables	14	-	14	180	-	180
	Loans to corporates	5,846	-	5,846	6,120	-	6,120
	Commercial and industrial loans	-	-	-	31	-	31
	Commercial real-estate properties	3,014	43	3,057	3,829	-	3,829
	Finance leases	53	-	53	226	-	226
	Re-securitisation positions				423	-	423
	Other assets	277	-	277	638	-	638
TOTAL INVESTOR		**24,412**	**1,123**	**25,535**	**29,182**	**958**	**30,140**
TOTAL		**33,396**	**11,769**	**45,165**	**40,166**	**11,765**	**51,931**

(*) Based on the predominant asset class in the asset pool of the securitisation in which the position is held. In the case of the underlying asset is a position of securitisation or of Re-securitisation, CRD3 Regulation prescribes to report the ultimate underlying asset of the program concerned.

TABLE 25: BANKING BOOK SECURITISATION POSITION QUALITY

At 31 December 2011, 92% of the securitisation positions held or acquired by the Group were senior tranches, compared with 89% at 31 December 2010, reflecting the high quality of the Group's portfolio. The corresponding Exposures at Default (EADs) and risk weights are given in the following tables:

In millions of euros	Securitisation positions held or acquired (EAD)	
Tranche quality	**31 December 2011**	**31 December 2010**
Senior tranche	41,746	46,091
Mezzanine tranche	2,910	5,162
First-loss tranche	509	678
TOTAL	**45,165**	**51,931**

Under the standardised approach, risk-weighted assets are calculated by multiplying Exposure at Default by a risk weight based on an external rating of the securitisation position, as required by article 222 of the French Decree of 20 February 2007. In a small number of cases, a look-through approach may be applied. Securitisation positions rated B+ or lower or without an external rating are given a risk weighting of 1,250%. The standardised approach is used for securitisation positions originated by BNL or UCI and for securitisation investments made by BancWest and the Investment Solutions division.

Under the IRB Approach, risk-weighted assets are calculated according to one of the following methods:

- if the securitisation position has an external rating, the Group uses an external rating-based method whereby the position's risk weight is determined directly from a correspondence table provided by the banking supervisor that matches risk weights to external ratings;
- if the securitisation position does not have an external rating, and if BNP Paribas is the originator or sponsor, the Group uses the Supervisory Formula Approach. In this approach the risk weight is calculated from a formula provided by the banking supervisor that factors in the internal credit rating of the underlying asset portfolio, as well as the structure of the transaction (most notably the amount of credit enhancement subscribed out by the Group);
- the internal ratings approach is applied for liquidity facilities in the ABCP programmes of the BNP Paribas Fortis and BGL BNP Paribas portfolios for which there are no external ratings. This approach has been approved by the BNB;
- a look-through approach may be applied to derive the risk weight in a very small number of cases.

At 31 December 2011, the IRB Approach is used for positions held by the CIB division and BNP Paribas Fortis.

For rated securitisation positions, the Group uses external ratings from the Standard & Poor's, Moody's, and Fitch rating agencies. These ratings are mapped to equivalent credit quality levels in accordance with the instructions of the French banking supervisor.

Starting from 31 December 2011, the European directive CRD3, which integrates the new Basle 2.5 regulation, applies and amends the Capital Requirements for securitisation by requiring an increase of the capital charge for the positions known as of re-securitisation, i.e. the positions of a program whose underlying assets comprise at least one securitisation position.

TABLE 26: SECURITISATION POSITIONS AND RISK WEIGHT BY CALCULATION APPROACH

In millions of euros	31 December 2011		31 December 2010	
Calculation approach	**Securitisation positions held or acquired (EAD)**	**Risk-weighted assets**	**Securitisation positions held or acquired (EAD)**	**Risk-weighted assets**
IRBA	42,985	22,665	48,147	22,916
Standardised	2,180	1,711	3,784	2,288
TOTAL	**45,165**	**24,376**	**51,931**	**25,204**

Risk-weighted assets corresponding to securitisation positions held or acquired by the Group amounted to EUR 24 billion at 31 December 2011, or 4% of BNP Paribas total risk-weighted assets, compared with EUR 25 billion at 31 December 2010.

TABLE 27: SECURITISATION POSITIONS BY APPROACH, CALCULATION METHOD, AND RISK WEIGHT

IRB Approach

In millions of euros	31 December 2011			
	Exposure at Default		**Risk-weighted assets**	
Calculation method	**Securitisation positions**	**Re-securitisation positions(*)**	**Securitisation positions**	**Re-securitisation positions(*)**
7%-10%	18,684		1,371	
12%-18%	864		79	
20%-35%	2,857	336	526	60
40%-75%	733	2,677	301	741
100%	310	78	36	82
225%		105		249
250%	262		633	
350%		257		817
425%	77		133	
650%	27	122	30	559
750%		197		1,561
850%		250		2,253
External ratings based method	**23,814**	**4,022**	**3,109**	**6,322**
1250%	**844**	**369**	**7,609**	**1,852**
Internal Assessment Approach	**1,307**		**31**	
[0%-7%]	7,606	0	532	0
]7%-100%]	2,773	1,528	812	363
]100%-350%]	14	153	27	358
]350%-1,250%]	36	519	456	1,193
Supervisory Formula Approach	**10,429**	**2,200**	**1,827**	**1,914**
TOTAL	**36,394**	**6,591**	**12,576**	**10,088**

(*) At the meaning of the CRD3, which applies starting from 31 December 2011.

In millions of euros	31 December 2010			
	Exposure at Default		Risk-weighted assets	
Calculation method	Securitisation positions	Re-securitisation positions(*)	Securitisation positions	Re-securitisation positions(*)
6%-10%	24,151		1,596	
12%-18%	1,860		80	
20%-35%	3,514		616	
50%-75%	1,131		425	
100%	456		233	
250%	290		659	
425%	350		1,276	
650%	115		416	
External ratings based method	**31,867**		**5,301**	
1250%	**1,600**		**13,673**	
Internal Assessment Approach	**1,856**		**52**	
[0%-7%]	8,145		559	
]7%-100%]	3,986		1,142	
]100%-350%]	164		264	
]350%-1,250%]	529		1,925	
Supervisory Formula Approach	**12,824**		**3,890**	
TOTAL	**48,147**		**22,916**	

(*) At the meaning of the CRD3, which applies starting from 31 December 2011.

Out of the EUR 28 billion of securitisation positions with an external ratings:

- 67% by EAD are rated above A+ and therefore have a risk weight of less than 10% at 31 December 2011, compared with 76% at 31 December 2010;
- the great majority (82% by EAD) are rated above BBB+ at 31 December 2011, compared with 93% at 31 December 2010).

➤ ***Standardised approach***

In millions of euros	31 December 2011			
	Exposure at Default		Risk-weighted assets	
Calculation method	**Securitisation positions**	**Re-securitisation positions(*)**	**Securitisation positions**	**Re-securitisation positions(*)**
20%	1,421		284	
40%		2		1
50%	215		107	
100%	116	27	110	27
225%		92		45
350%	65		212	
650%				
External ratings based method	1,817	121	713	73
1250%	175		900	
Weighted Average method	65		24	
Look-through approach	2		2	
TOTAL	**2,059**	**121**	**1,639**	**73**

In millions of euros	31 December 2010			
	Exposure at Default		Risk-weighted assets	
Calculation method	**Securitisation positions**	**Re-securitisation positions(*)**	**Securitisation positions**	**Re-securitisation positions(*)**
20%	2,808		505	
40%				
50%	355		81	
100%	294		100	
225%				
350%	162		365	
650%				
External ratings based method	3,619		1,051	
1250%	162		1,231	
Look-through approach	3		7	
TOTAL	**3,784**		**2,288**	

(*) At the meaning of the CRD3, which applies starting from 31 December 2011.

Of the EUR 1.9 billion of securitisation positions with an external rating, a large majority (73% by EAD at 31 December 2011) are rated above AA- and therefore bear a risk weight of 20%.

Guarantees on securitisation positions amounted to EUR 4.9 billion at 31 December 2011. The Belgian government's guarantee on the RPI senior debt accounts for EUR 4.8 billion.

The only one re-securitisation position guaranteed is the senior debt of the Royal Park Investments portfolio held by BNP Paribas Fortis. It is ensured by the Belgian government, rated AA (Standard & Poor's).

5.7 Counterparty risk

EXPOSURE TO COUNTERPARTY RISK [Audited]

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

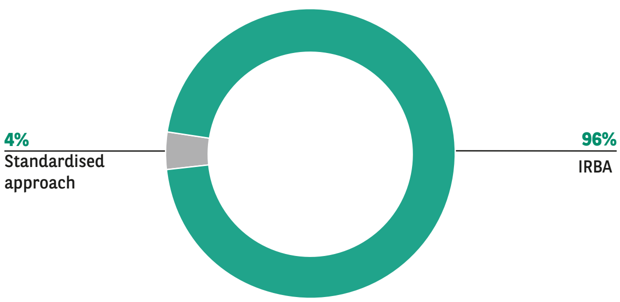
TABLE 28: EXPOSURE AT DEFAULT TO COUNTERPARTY RISK BY BASEL ASSET CLASS OF DERIVATIVES AND SECURITIES LENDING/BORROWING INSTRUMENTS

In millions of euros	31 December 2011				31 December 2010			
	IRBA	Standardised Approach	Total	2011 Average EAD	IRBA	Standardised Approach	Total	2010 Average EAD
Central governments and central banks	11,142	2	11,144	10,073	8,997	6	9,003	8,293
Corporates	45,324	2,484	47,808	46,288	42,212	2,555	44,767	47,525
Institutions(*)	35,803	1,163	36,966	37,750	37,635	898	38,533	40,307
Retail	-	19	19	15	0	12	12	13
TOTAL EXPOSURE	**92,269**	**3,668**	**95,937**	**94,126**	**88,844**	**3,471**	**92,315**	**96,138**

(*) *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.*

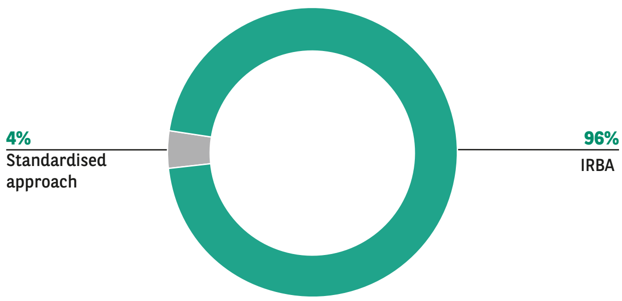
COUNTERPARTY EXPOSURE AT DEFAULT BY APPROACH

At 31 December 2011



Total: EUR 96 billion

At 31 December 2010



Total: EUR 92 billion

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

NETTING AGREEMENTS

Netting is used by the bank in order to mitigate counterparty credit risk associated with derivatives trading. The main instance where netting occurs is in case of trades-termination: if the counterparty defaults, all the trades are terminated at their current market value, and all the positive and negative market values are summed to obtain a single amount (net) to be paid to or received from the counterparty. The balance ("close-out netting") may be subject to a guarantee ("collateralisation") granted as collateral cash, securities or deposits.

The Bank also applies settlement netting in order to mitigate counterparty credit risk in case of currency-settlements. This corresponds to the netting of all payments and receipts between the bank and one counterparty in the same currency to be settled in the same day. The netting results in a single amount (for each currency) to be paid either by the Bank or by the counterparty.

Transactions affected by this are processed in accordance with bilateral or multilateral agreements respecting the general principles of the national or international framework. The main forms of bilateral agreements are those issued by Fédération Bancaire Française (FBF), and on an international basis by International Swaps and Derivatives Association ("ISDA").

COUNTERPARTY EXPOSURE VALUATION

The Exposure at Default (EAD) for counterparty risk is measured using an internal model and is subsequently incorporated into the credit risk evaluation system. This measure was developed 10 years ago and is regularly updated. It is based on "Monte Carlo' simulations which assess the possible exposure movements. The stochastic processes used are sensitive to parameters including volatilities, correlations, and are calibrated on historical market data. The potential future counterparty risk exposures are measured using an internal model ("ValRisk") which can simulate thousands of potential market scenarios and does the valuation of each counterparty trading portfolio at several points in the future (from 1 day to more than 30 years for the longest transactions). Value changes are calculated up to the maturity of transactions.

When performing the exposure aggregation, the system takes into account the legal contracts linked to each transaction and counterparty, such as netting and margin call agreements.

Counterparty risk exposures are characterized by high variability over time due to constant evolution of market parameters affecting the underlying transaction value. It is therefore important to monitor not only the current transaction values, but also to analyze their potential changes in the future.

For counterparty risk exposures from portfolios of BNP Paribas Fortis and BGL BNP Paribas that have not been migrated in the BNP Paribas systems, the Exposure at Default (EAD) is not based on an internal model.

SUPERVISION AND MONITORING OF COUNTERPARTY RISK

Future potential exposures calculated by ValRisk are compared with the limits assigned to each counterpart on a daily basis. In addition, ValRisk can simulate new transactions and measure their impact on the counterparty portfolio. It is therefore an essential tool of the risk approval process. The following Committees (sorted by ascending authority scale): Regional Credit Committee, Global Credit Committee, General Management Credit Committee, set the limits according to their delegation level.

CREDIT VALUE ADJUSTMENTS ON FINANCIAL INSTRUMENTS TRADED OVER-THE-COUNTER (OTC)

The valuation of financial OTC-trades carried out by BNP Paribas as part of its trading activities (Fixed Income, Global Equity & Commodity Derivatives) includes credit value adjustments. A "Credit Value Adjustment" (or CVA) is an adjustment of the trading portfolio valuation to take into account the counterparty risk. It reflects the expected loss in fair value on a counterparty exposure based on the potential positive value of the contract, the counterparty default probability, the credit quality migration, and the estimated recovery rate.

DYNAMIC MANAGEMENT OF COUNTERPARTY RISK

The credit value adjustment is a variable of the existing exposure movements and the credit risk level of the counterparty, which may be linked to the movements of the Credit Default Swaps (CDS) spread used in the default probability calculation.

In order to reduce the risk associated with the credit quality deterioration imbedded in a financial operations portfolio, BNP Paribas may use a dynamic hedging strategy, involving the purchase of market instruments such as credit derivative instruments.

Counterparty risk exposures on derivative instruments cover all derivative portfolio exposures of BNP Paribas, all underlying and all combined poles. Fixed Income exposures represent the large majority of these exposures.

The exposure on securities financing transactions and deferred settlement transactions concern the Fixed Income business (primarily bonds), the Equity and Advisory business, primarily equity (stock lending and borrowing) and BNP Paribas Securities Services (BP2S), both bonds and equity.

EXPOSURES AT DEFAULT (EAD) BY CALCULATION APPROACH

TABLE 29: EXPOSURES AT DEFAULT (EAD) BY CALCULATION APPROACH

	31 December 2011						
	Internal model (EEPE)(*)			NPV(**) + Add-On			
In millions of euros	IRBA	Standardised	Sub-total	IRBA	Standardised	Sub-total	TOTAL
Derivatives	65,540	8	**65,548**	12,693	3,650	**16,343**	**81,891**
Securities financing transactions and deferred settlement transactions	11,415	4	**11,419**	2,621	6	**2,627**	**14,046**
TOTAL	**76,955**	**12**	**76,967**	**15,314**	**3,656**	**18,970**	**95,937**

	31 December 2010						
	Internal model (EEPE)(*)			NPV(**) + Add-On			
In millions of euros	IRBA	Standardised	Sub-total	IRBA	Standardised	Sub-total	TOTAL
Derivatives	59,491	67	**59,558**	13,094	3,401	**16,495**	**76,053**
Securities financing transactions and deferred settlement transactions	13,715	3	**13,718**	2,544		**2,544**	**16,262**
TOTAL	**73,206**	**70**	**73,276**	**15,638**	**3,401**	**19,040**	**92,315**

(*) Effective Expected Positive Exposure.
(**) Net Present Value.

The measure of the Exposure at Default (EAD) for counterparty risk is based mainly on the internal model method described in the note 4.d. of financial statements and clearly takes into account the derivative trade guarantees for the calculation of the Effective Expected Positive Exposure (EEPE).

For the perimeter not covered by internal models (about 3% of historical perimeter's exposures of BNP Paribas, plus Fortis's perimeter since 2009), the Exposure at Default (EAD) is calculated using the evaluation method at market price (Net Present Value + Add-On).

For exposures corresponding to credit derivative transactions, the modeling of the correlation between market data and probability of default is included in the internal model. The exposure is therefore conditional upon default, and includes wrong-way correlation risk. On a case-by-case basis, for significant transactions, a specific remodelling of the exposure in case of default is performed including the wrong-way correlation risk. Moreover, additional specific stress tests are performed to monitor transactions presenting a wrong-way correlation risk.

Collateral guarantees used in the standard method to reduce the EAD increased to EUR 313 million on 31 December 2011, compared with EUR 199 million on 31 December 2010.

Risk weighted assets linked to counterparty credit risk are computed by multiplying the EAD by an appropriate weighting according to the approach used (standard approach or IRB Approach).

When EAD is modelled and weighted according to the IRB Approach, the LGD (Loss Given Default) is not adjusted according to the existing collateral-guarantees since they are already taken into account in the "Effective Expected Positive Exposure" computation.

CAPITAL REQUIREMENT BY CALCULATION APPROACH

(See section 5.4, Capital management and capital adequacy.)

5.8 Market risk

MARKET RISK RELATED TO TRADING ACTIVITIES

INTRODUCTION [Audited]

Market risk, as defined in chapter 5.2, arises mainly from trading activities carried out by the Fixed Income and Equity teams within Corporate and Investment Banking and encompasses different risk factors defined as follows:

- interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates;
- foreign exchange risk is the risk that the value of an instrument will fluctuate due to changes in foreign exchange rates;
- equity risk arises from changes in the market prices and volatilities of equity shares and/or equity indices;
- commodities risk arises from changes in the market prices and volatilities of commodities and/or commodity indices;
- credit spread risk arises from the change in the credit quality of an issuer and is reflected in changes in the cost of purchasing protection on that issuer;
- optional products carry by nature volatility and correlation risks, for which risk parameters can be derived from option market prices observed in an active market.

ORGANISATION PRINCIPLES [Audited]

Governance

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

Market Risk monitoring 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 in theory on a monthly basis and is chaired by either the Group CEO or by one of the Bank's COOs;
- the Product and Financial Control Committee (PFC) is the arbitration and decision-making Committee. It meets quarterly and discusses the conclusions of the CIB Financial Control teams and their work to enhance control effectiveness and the reliability of the measurement and recognition of the results of market transactions. It is chaired by the Group Chief Financial Officer and brings together the Directors of Group Development and Finance-Accounting, Corporate Investment Banking and Group Risk Management;
- at business unit level, the Valuation Review Committee (VRC) meets monthly to examine and approve the results of Market parameters review (MAP review) and any changes in reserves. The Valuation Review Committee also acts as the referee in any disagreements between trading and control functions. The committee is chaired by the Senior Trader and other members include representatives from trading, GRM, Group Valuation and Risk Control, and Group Development and Finance. Any disagreement is escalated to the PFC;
- created in 2009, the Valuation Methodology Committee (VMC) meets 2 to 3 times a year per business lines to monitor model approvals and reviews, follow up relevant recommendations and present model governance improvements.

Risk monitoring set up and limit setting

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

Risk-IM's responsibility in terms of market risk management is to define, monitor and analyse risk sensitivities and risk factors, and to measure and control Value at Risk (VaR), which is the global indicator of potential losses. Risk-IM ensures that all business activity complies with the limits approved by the various committees and approves new activities and major transactions, reviews and approves position valuation models and conducts a monthly review of market parameters (MAP review) in association with Valuation and Risk Control department (V&RC).

Responsibility for limit setting and monitoring is delegated at three levels, which are, in order, CMRC, Business Line and Activity (Head of a Trading Book). Limits may be changed either temporarily or permanently, in accordance with the level of delegation and the prevailing procedures.

Core Risk Analysis and Reporting to Executive Management

Risk-Investment and Markets reports, through various risk analysis and reports, to Executive Management and business lines Senior Management on its risk analysis work (limit, VaR monitoring, core risk analysis…). The Global Risk Analysis and Reporting team is responsible for generating/circulating main global risk reports.

The following risk reports are generated on a regular basis:

- weekly "Main Position" reports for each business line (equity derivatives, commodities, credit, fixed income and currency derivatives), summarising all positions and highlighting items needing particular attention; these reports are mainly intended for business line managers;
- bi-monthly "Over €50m at Risk" reports sent to Executive Management;
- CMRC Supporting documents (CMRC Event Summaries, Global Counterparty Exposure Summary, GEaR and Stress Results summary, Back testing summary…), prepared as an obligor during CMRC meetings;
- "Position Highlights" reports focusing on specific issues; and
- geographical dashboards (e.g. "Monthly UK Risk Dashboard");
- the "Global risk dashboard" circulated to CIB and GRM managers to ensure coordinated efforts in risk management and help decisions in light of recent market developments and changes in counterparties' circumstances.

VALUATION CONTROL [Audited]

The financial instruments that are part of the prudential Trading Book are valued and reported at market or models Value through P/L, in compliance with applicable accounting standards. Such can also be the case of financial instruments classified in the banking book.

The valuation control is insured within the Charter of Responsibility on Valuation, defining how responsibilities are split as well as the creation of a dedicated Valuation and Risk Control team (V&RC) who shares the control of market parameters with Risk-IM. These policies and governance applies to all CIB Market Activities (Fixed Income, GECD, RPM) and is being extended to ALM Treasury.

In addition to the Charter of Responsibilities, the relevant valuation controls are detailed in specific policies. We detail below the main processes that form together the valuation control governance.

Transaction accounting control

This control is under the responsibility of Middle-Office within the Operations Department. However, certain complex transactions are controlled by Risk-IM.

Market Parameter review - Independent Price Verification.

Price Verification is managed and shared by Risk-IM Department and Valuation and Risk Control Department (V&RC), daily controls are performed on the most liquid parameters and a comprehensive and formal review of all the market parameters is performed at month end. The types of parameters controlled by V&RC are precisely listed, these are essentially the parameters for which an automatic control against external sources can be implemented (security prices, vanilla parameters), this may include the use of consensus price services. Risk-IM is in charge of controlling valuation methodologies as well as the most complex parameters that are very dependent on the choice of models.

The general principles of the Market parameter reviews are described in the Charter of responsibility on Valuation as well as specialised global policies such as the Global marking and Independent Price Verification Policy. The specific methodologies are described in documents known as the MAP Books organised by product lines and regularly updated. The responsibilities of Risk-IM and V&RC are defined for each point of time and the conclusions of the Market Parameter reviews are documented in the MAP review finding documents.

The outcome of the Market parameter review is the estimation of valuation adjustments communicated to Middle-Office who enters it in the book of account. The results are communicated to the Trading management during the Valuation review Committees, where arbitrages can be made. The opinion of the control functions prevails, however, significant and persistent disagreement can be escalated to the PFC.

Model Approval and Reviews

The governance of model controls is described in the Valuation Methodology Control Policy. Activity specific guidelines are detailed in the Model review guidelines documents for each product lines.

Front-Office quantitative analysts design and propose the methodologies used to value the product and measure the risks that are used to take trading decisions. Research team and IT are responsible for the implementation of these models in the systems.

The independent control of the valuation models is under the responsibility of Risk-IM. The main processes are:

- the approval of models, by which a formal decision to approve or reject a model is taken following any modification of the valuation methodology called a "Valuation Model Event". In any cases, the approval decisions is taken by a senior Risk-IM analyst. The review required by the approval decision can be fast track or comprehensive; in the latter case, the reasons and conditions of approval are detailed in a Model Approval document. If the approval requires a public discussion, a Model Approval Committee can be gathered;
- the review of models can be conducted at inception (linked to an approval) or during the life of a model (re-review); it consists of an investigation on the suitability of the model used to value certain products in the context of a certain market environment;
- the control of the use of set up of models, which is a continuous control of the correct parameterisation or configuration of the models as well as the adequacy of the mapping between products and models.

Reserve and other valuation adjustments

Risk-IM defines and calculates reserves. Reserves are market or models Value accounting adjustments. They take into account the exit cost of a position (cost to sell or to hedge) as well as a risk premium that market participant would charge for positions containing non hedgeable or non diversifiable risks.

The reserves cover mainly:

- the bid-offer and liquidity spreads;
- the model or market parameters uncertainties;
- the elimination of non headgeable risks (smoothing digital or barrier pay-offs).

A general Valuation adjustment policy exists. Reserve methodologies are documented by Risk-IM for each product lines and these documentations are updated regularly. The analysis of reserve variations is reported at the monthly VRC.

Reserve methodologies are improved regularly and any change is a Valuation Model event. Reserve improvements are generally motivated by the conclusion of a model review or by the calibration to market information during the Market parameter review process.

"Day One profit and loss"

Some transactions are valued with "non observable" parameters. IAS 39 require to differ any initial P/L for non observable transactions as the initial model Value need to be calibrated with the transaction price.

Risk IM works with Group Development and Finance, middle-offices, and business lines on the process of identifying and handling these profit and loss items, in order to determine whether a type of parameter or transaction is observable or not in accordance with the observability rules; in addition duly documented.

The P/L impact of the P/L deferral is calculated by the Middle-Office.

Observability rules are also used for the financial information required by the IFRS 7 reporting.

MARKET RISK EXPOSURE [Audited]

Market risk is first analysed by systematically measuring portfolio sensitivity to various market parameters; The results of these sensitivity analyses are compiled at various aggregate position levels and compared with market limits.

VaR ("Value at Risk")

VaR is calculated using an internal model. It estimates the potential loss on a trading portfolio under normal market conditions over one trading day, based on changes in the market over the previous 260 business days with a confidence level of 99%. The model has been approved by the banking supervisor and takes into account 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.

In December 2010, BNP Paribas Fortis has submitted a request for perimeter extension of the BNP Paribas Internal model to the Fortis Bank SA/NV legal entity to the French (Autorité de Contrôle Prudentiel – Home) and Belgian (Banque Nationale de Belgique - Host) regulators.

The ACP has validated the perimeter extension. The market risk regulatory capital charge on the BNP Paribas Fortis trading portfolio is based since 1 July 2011 on the VaR figure computed with BNP Paribas Internal Model.

The VaR Internal Model for BNL has been validated.

Historical VaR (10 days, 99%) in 2011

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.

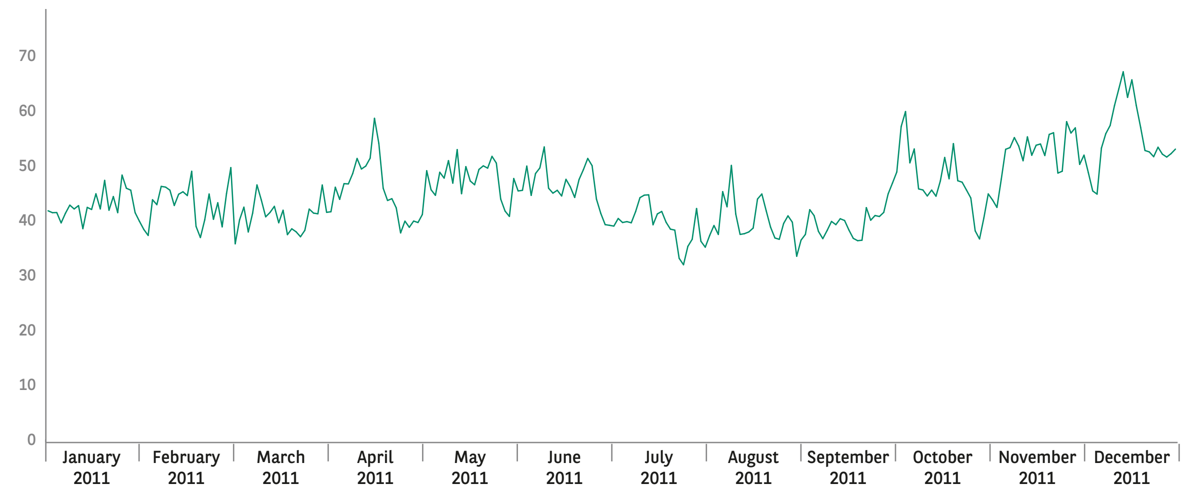
In 2011, total average VaR for the BNP Paribas scope excluding Fortis is EUR 144 million (with a minimum of EUR 103 million and a maximum of EUR 214 million), after taking into account the EUR -178 million netting effect between the different types of risks. These amounts break down as follows:

TABLE 30: VALUE AT RISK (10 DAYS - 99%): BREAKDOWN BY RISK TYPE

In millions of euros	Year to 31 Dec. 2011			31 December 2011	Year to 31 Dec. 2010	31 December 2010
	Minimum	Average	Maximum		Average	
Interest rate risk	69	101	166	81	84	109
Credit risk	82	118	166	121	115	118
Foreign exchange risk(1)	14	33	74	44	31	22
Equity price risk	29	51	110	58	74	53
Commodity price risk	11	19	35	13	13	13
Netting Effect	*(102)*	*(178)*	*(336)*	*(148)*	*(173)*	*(174)*
TOTAL VALUE AT RISK	**103**	**144**	**214**	**169**	**144**	**141**

(1) The VaR for foreign exchange risk is outside the scope of Pillar I.

CHANGE IN VAR (1 DAY-99%) IN MILLIONS OF EUROS IN 2011



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

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

The standard VaR backtesting method makes a comparison of the daily global trading book VaR to the one-day changes of the portfolio's value. This test for 2011 demonstrates that there were no days observed during the period where any P&L losses were greater than the VaR level.

NEW CRD3 REQUIREMENTS

Starting from 31 December 2011, the European directive CRD3, which integrates the new Basle 2.5 regulation, applies and amends the Capital Requirements for market risk (Stressed VaR, Incremental Risk Charge (IRC), Comprehensive Risk Measure (CRM) and trading book securitisation).

Stressed VaR

A Stressed VaR (SVaR) calibrated on a fixed one year period during the crisis to keep a minimum level to the VaR. A 12 month period (2008) has been considered as a reference period for the calibration of the Stressed VaR. This choice is subject to annual review, and was motivated by the extreme market variations that occurred during the year 2008. For the calculation of the capital requirement, this is on top of the VaR to correct the "short memory" of the VaR and to reinforce the Specific Risk.

TABLE 31: STRESSED VALUE AT RISK (10 DAYS - 99%)

In millions of euros	Quarter to 31 Dec. 2011			31 December 2011
	Minimum	Average	Maximum	
Stressed Value at Risk	232	296	366	267

Incremental Risk Charge (IRC)

The IRC approach measures losses due to default and ratings migration at the 99,9 % confidence interval over a capital horizon of one year, assuming a constant level of risk on this horizon. The approach to capture the incremental default and migration risks covers all positions subject to a capital charge for specific interest rate risk including all government bonds, but excluding securitisation positions and n-th-to-default credit derivatives.

The model is currently used in the risk management processes. This model was approved by the French banking supervisor (Autorité de Contrôle Prudentiel).

The calculation of IRC is based on the assumption of a constant level of risk over the one-year capital horizon, implying that the trading positions or sets of positions can be rebalanced during the one-year capital horizon in a manner that maintains the initial risk level, measured by the VaR or by the profile exposure by credit rating and concentration. This rebalance frequency is called the liquidity horizon.

The model is built around a rating-based simulation for each obligor, which captures both the risk of the default as well as the risk of rating migration. The dependence among obligors is based on a multi-factor asset return model. The valuation of the portfolios is performed in each simulated scenario. The model uses a constant one year liquidity horizon. It has been internally validated by an independent unit. The review considered the consistency of the proposed methodologies, the scope of the risk factors and the coherency between the calibration of model parameters and their usage in the course of simulations with a further focus on the production and on the definition of perimeter.

Correlation portfolio

The corporate correlation activity is an activity that consists of trading and risk managing mainly corporate CDO, to less extent corporate CDO^2 and their hedges using single name CDS, CDS indices and Index tranches.

The valuation framework use both market observable prices (CDS, Index and index tranche) and model prices to value the bespoke CDO which are less observable than the previously mentioned products.

This activity falls under the structured credit activity trading within BNP Paribas Fixed income.

The model used is an internally validated and market standard model that prices the value of the bespoke CDO using market CDS spread and implied correlation levels of the observed Index CDO tranches.

Securitisation positions in Trading books outside Correlation portfolio

For the positions of securitisation treated as "market values" for accounting purposes, the variations of market values, except accrued interest of the fixed income securities, are stored as "net gain on financial instruments at fair value by P/L" of the profit and loss account.

ABS in the trading book are subject to limits as defined by the Debt Trading Risk Policy (DTRP). The DTRP defines a global envelope along with concentration limits. Limits are monitored daily and Trading is notified of any breaches.

For Trading Book ABS positions outside the correlation book, the standardised capital charge applies (as per the standard method for banking books). The capital requirements are hence calculated as a weighting of the Risk Weighted Assets (RWA), which is determined based on the rating of the asset. Capital calculations are based on the second worst rating of the three rating agencies.

➤ TABLE 32: BREAKDOWN OF TRADING BOOK SECURITISATION POSITIONS OUTSIDE CORRELATION BOOK BY ASSET TYPE

In millions of euros	31 December 2011	
	Securitisation positions held or acquired (EAD)	
Asset category	Short positions	Long positions
Residential mortgages	-	208
Consumer loans	-	23
Credit card receivables	-	13
Loans to corporates	-	141
Commercial real-estate properties	-	5
Finance leases	-	28
Other assets	-	0
TOTAL BALANCE SHEET	**-**	**417**
Other assets	514	20
TOTAL OFF-BALANCE SHEET	**514**	**20**
TOTAL	**514**	**437**

➤ TABLE 33: QUALITY OF TRADING BOOK SECURITISATION POSITIONS OUTSIDE CORRELATION BOOK

In millions of euros	31 December 2011	
	Securitisation positions held or acquired (EAD)	
Tranche quality	Short positions	Long positions
Senior tranche	-	404
Mezzanine tranche	393	13
First-loss tranche	121	21
TOTAL	**514**	**437**

CAPITAL REQUIREMENT FOR MARKET RISK

➤ TABLE 34: CAPITAL REQUIREMENT FOR MARKET RISK, BY CALCULATION APPROACH

	31 December 2011			31 December 2010		
In millions of euros	Market risk excl. foreign exchange risk	Foreign exchange risk	Total market risk	Market risk excl. foreign exchange risk	Foreign exchange risk	Total market risk
Internal model	2,827		2,827	756	7	763
Standardised approach	13	178	191	79	533	612
Trading book securitisation positions	62		62			
TOTAL	**2,902**	**178**	**3,080**	**835**	**540**	**1,375**

The market risk calculated using the standardised approach covers the market risk of some entities of the Group that are not covered by internal models.

The standardised approach is used to calculate foreign exchange risk for all banking and trading books.

(See section 5.8: "Market risk related to banking activities")

TABLE 35: CAPITAL REQUIREMENT FOR MARKET RISK

Type of approach	Type of risk	31 December 2011	31 December 2010
	VaR	659	763
	Stressed VaR	1,328	
	IRC	515	
	Correlation portfolio	325	
TOTAL INTERNAL MODEL		**2,827**	**763**
	Commodity risk	*-*	*15*
	Interest rate risk	*13*	*62*
	Equity position risk	*-*	*2*
	Foreign exchange risk	*178*	*533*
TOTAL STANDARDISED APPROACH		**191**	**612**
TRADING BOOK SECURITISATION POSITIONS		**62**	
TOTAL		**3,080**	**1,375**

TABLE 36: BREAKDOWN OF TRADING BOOK SECURITISATION POSITIONS OUTSIDE CORRELATION BOOK BY TYPE, APPROACH AND RISKWEIGHT

In millions of euros	31 December 2011								
	Securitisation positions held or acquired (EAD)						Capital requirement		
	Short positions			Long positions					
Calculation method	Securitisation	Re-securitisation	Total	Securitisation	Re-securitisation	Total	Short positions	Long positions	Total
7%-10%	-	-	-	399	-	399	-	3	-
12%-18%	-	-	-	12	-	12	-		-
20%-35%	-	-	-		-		-		-
40%-75%	-	-	-	4	-	4	-		-
425%	-	-	-	2	-	2	-	1	-
External ratings based method	-	-	-	**417**	-	**417**	-	**3**	-
1250%	-	**514**	**514**		**20**	**21**	**62**	**21**	**62**
TOTAL	-	**514**	**514**	**417**	**20**	**437**	**62**	**24**	**62**

STRESS TESTING

The Group performs a range of stress tests to simulate the impact of extreme market conditions on the value of trading portfolios at the global level of the Group. Stress tests cover all market activities: Fixed Income, Forex, Equity Derivatives, Commodities and Treasury (except banking portfolios of sovereign debt) and a range of different market conditions. These 'top down' macro scenarios are referred to as "Global CMRC" scenarios and they are presented to and reviewed by the CMRC at each meeting.

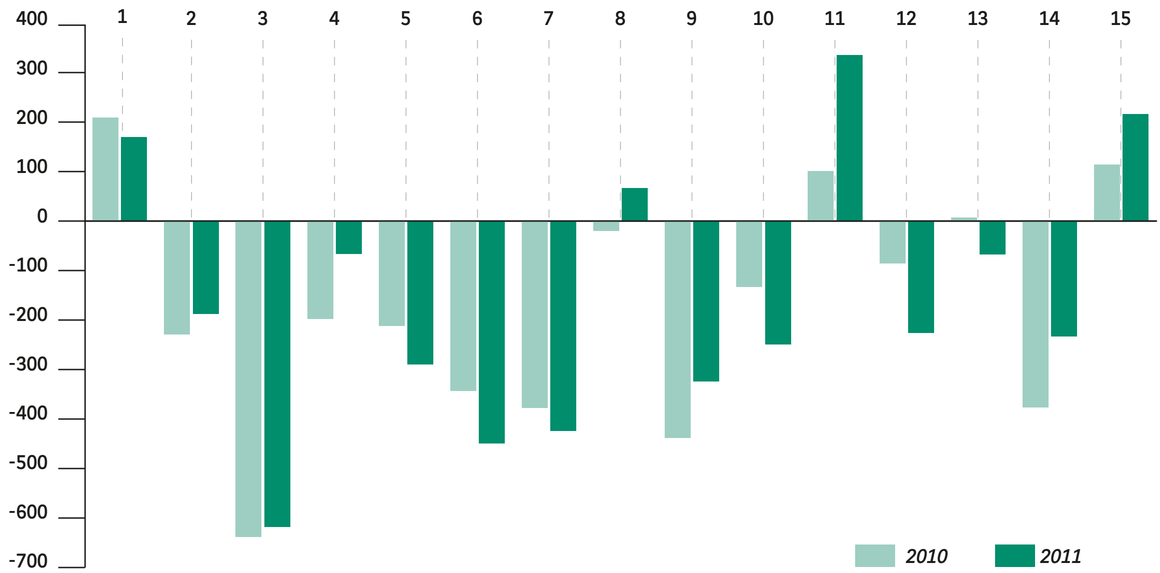
The "Global CMRC" stress scenarios currently comprise a range of fifteen different stress tests.

- scenario 1: sharp increase in inflation expectations, driving rates higher with a steepening of the interest rate curve;
- scenario 2: unexpected rate hike by central banks, driving short-term rates higher with a flattening of the interest rate curve;
- scenario 3: stock market crash, coupled with a flight to quality and central bank intervention, leading to a drop and a steepening of the interest rate curve;
- scenario 4: emerging market crisis driven from Asia;

- scenario 5: emerging markets crisis driven from Latin America;
- scenario 6: credit crunch, leading to a general risk aversion;
- scenario 7: Hedge Fund systemic crisis, leading to sharp moves in all markets where hedge funds are active (CDO correlation, convertibles, etc.);
- scenario 8: Euro confidence crisis;
- scenario 9: Middle East crisis with severe consequences on energy markets;
- scenario 10: major terrorist attack in Western countries;
- scenario 11: change in Japanese monetary policy, with surge and flattening of the JPY interest rate curve and a strongly negative impact on the JPY currency;
- scenario 12: major earthquake in California with consequences on EUR/USD exchange rate and interest rate differentials;
- scenario 13: collapse of US dollar;
- scenario 14: eruption of flu pandemic leading to a general risk aversion and sharp fall in equity and credit markets;
- scenario 15: mild rally in equity and emerging markets, low realised volatility and drop in implied volatility in all markets.

Risk-IM also produces 'bottom up' stress tests which quantify the risk coming from specific portfolios or concentrations of risk. These 'micro' scenarios can capture more complicated market movements which may not occur in the global level macro scenarios (such as a dislocation of a particular point on an interest rate curve or one market credit sector behaving differently to another whereas both would usually have a strong correlation.

➤ AVERAGE ANNUAL DECREASE IN 2010 AND 2011 REVENUES FROM MARKET ACTIVITIES TRADING PORTFOLIOS AS A RESULT OF EACH OF THE 15 STRESS SCENARIOS (IN MILLIONS OF EUROS)



Results of the micro and macro market risk stress testing scenarios can be used to construct an adverse case for the BNP Paribas trading books.

MARKET RISK RELATED TO BANKING ACTIVITIES

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

Interest rate and foreign exchange risks related to banking intermediation activities and investments mainly concern retail banking activities in domestic markets (France, Italy, Belgium and Luxemburg), 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

The following table gives a breakdown of the Group's equity risk exposures by investment objective.

➤ TABLE 37: BREAKDOWN OF RISK EXPOSURE BY INVESTMENT OBJECTIVE

	Exposure(*)	
In millions of euros	31 December 2011	31 December 2010
Strategic objective	2,068	2,254
Return on investment objective	4,798	6,017
Equity investments related to business	5,849	7,312
TOTAL	**12,715**	**15,883**

(*) *Fair value (balance sheet + off-balance sheet).*

Exposures at 31 December 2011 amounted to EUR 12.7 billion, versus EUR 15.9 billion at 31 December 2010. Off-balance sheet items amounted to EUR 3.8 billion at 31 December 2011, versus EUR 5.1 billion at 31 December 2010 and are guarantees given to UCITS shareholders.

Exposure [Audited]

Scope

The shares held by the Group outside trading portfolios are securities conferring residual and subordinated rights on issuer's assets or income, or securities representing a similar economic nature.

They encompass:

- Listed and unlisted shares, including shares in investment funds
- Embedded options of convertible bonds, redeemable or exchangeable for shares
- Equity options
- Super-Subordinated securities
- Private Funds commitments
- Equity holdings hedge
- Consolidated entities using the equity method

Accounting principles and valuation methods

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

➤ **TABLE 38: EXPOSURE(*) TO EQUITY RISK**

In millions of euros	31 December 2011	31 December 2010
Internal model method	**11,198**	**13,797**
Listed equities	3,111	4,529
Other equity exposures	5,343	5,994
Private equity in diversified portfolios	2,744	3,274
Simple risk weight method	**622**	**658**
Listed equities	5	5
Other equity exposures	34	82
Private equity in diversified portfolios	584	571
Standardised approach	**895**	**1,427**
TOTAL	**12,715**	**15,883**

(*) Fair Value.

Total gains and losses

Total gains and unrealised losses recorded in shareholders' equity are set out in note 5.c. of the financial consolidated statement – Available-for-sale financial assets.

Capital requirement

(See section 5.4, Capital management and capital adequacy.)

Equity Risk Model

On the historical perimeter of BNP Paribas, the Group uses an internal model, derived from the one used for the calculation of daily Value-at-Risk of trading portfolios. However, the application of horizon parameters and confidence interval differ in accordance with article 59-1-c section ii of the Decree on 20 February 2007 of the French Ministry of Economy, Finance and Industry. This model allows the estimation on this perimeter the value at risk of the Group at a 99% confidence level on a 3 months horizon.

Risk factors selected for estimating equity holdings risk depend on the level of availability and usability of securities prices data:

- Listed securities whose historical prices series are long enough are directly selected as risk factors.
- For other listed securities and for unlisted securities, each investment line is attached to a systemic risk factor representative of the business sector and geographic zone where the issuer operates, plus an equity-specific risk factor;
- For equity holdings of companies operating outside the Euro zone, a risk factor corresponding to the exchange rate is added.

This model was validated by the French banking supervisory authorities in the context of approval for the calculation of capital requirements for equity risk. Temporarily, with the pending method convergence, the approach used for BNP Paribas Fortis's scope and BGL BNP Paribas is the one approved by the Belgian regulator, the BNB.

FOREIGN EXCHANGE RISK [Audited]

Calculation of risk-weighted assets

Foreign exchange risk relates to all transactions whether part of the trading book or not.

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

The rules for calculating the capital requirement for foreign exchange risk are as follows:

- matched positions in currencies of Member States participating in the European Monetary System are subject to a capital requirement of 1.6% of the value of the matched positions;
- CFA and CFP francs are matched with the euro, and are not subject to a capital requirement;
- positions in closely correlated currencies are subject to a capital requirement of 4% of the matched amount;
- other positions, including the balance of unmatched positions in the currencies mentioned above, are subject to a capital requirement of 8% of their amount.

Foreign exchange risk and hedging of earnings generated in foreign currencies

The Group's exposure to operational foreign exchange risks stems from the net earnings in currencies other than the euro. The Group's policy is to 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.

Foreign exchange 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.

The Group's policy consists in hedging portfolio exposure to liquid currencies. This policy is implemented by borrowing amounts in the same currency as the one of equity investments. Such borrowings are documented as hedges of net investments in foreign operations.

INTEREST RATE RISK [Audited]

Organisation of the Group interest risk management

Interest rate risk 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 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 *ad hoc* committees and once a year to the Board of Directors.

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

Risk limits

For the customer banking intermediation books, overall interest rate risk for Retail Banking entities is subject to a primary limit, based on the sensitivity of revenues to changes in nominal and real interest rates and in 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 revenues to general interest-rate risk

The sensitivity of revenues to a change in interest rates is one of the key indicators used by the Group in its analysis of overall interest-rate risk, both at local and at Group level. The sensitivity of revenues is calculated across the entire banking book including the customer banking intermediation businesses, equity, excluding market activities, and for all currencies to which the Group is exposed. It relies on reasonable activity assumptions at one year horizon.

The indicator is presented in the table below. Over this one-year horizon, the banking intermediation book's exposure to interest-rate risk is limited: an increase of 100 basis points in interest rates right across the yield curve would lead to an increase of about 0.8% in the Group's revenues, all currencies combined.

➤ **TABLE 39: SENSITIVITY OF REVENUES TO GENERAL INTEREST-RATE RISK BASED ON A 100 BASIS POINT INCREASE IN INTEREST RATES**

In millions of euros	31 December 2011		
	Euros	Other currencies	Total
Sensitivity of 2011 revenues	224	119	343

In millions of euros	31 December 2010		
	Euros	Other currencies	Total
Sensitivity of 2010 revenues	(44)	5	(39)

Since the books of financial instruments resulting from the Group's banking intermediation activities are not intended to be sold, they are not managed on the basis of their value. Nonetheless, the sensitivity of the value of these books is calculated in order to measure the overall interest-rate risk over all time horizons. The sensitivity of the value to a 200 basis point increase in interest rates is below 1% of the Group's regulatory capital, compared with the limit of 20% laid down in the Basel regulations.

HEDGING OF INTEREST RATE AND FOREIGN EXCHANGE RISKS [Audited]

Hedging relationships initiated by the Group mainly consist of interest rate or currency hedges using derivative financial instruments (swaps, options and forwards).

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

Interest rate risk in the banking book

The Bank's strategy for managing global interest rate risk is based on closely monitoring the sensitivity of the Bank's earnings to changes in interest rates. This allows achieving 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 by business line and for each portfolio and currency.

During 2011, there were two distinct phases in euro zone market conditions. In the first quarter, the European Central Bank raised interest rates twice, causing the euro yield curve to rise. Then after the summer, as the sovereign debt crisis spread more widely, liquidity and credit spreads widened sharply and there was a marked decline in long rates.

During 2011, the balance between loan production and inflows of fixed-rate deposits and those showing little correlation with market rates differed fairly significantly from one euro zone domestic market to another:

- in France, loan origination remained constant, particularly in the mortgage segment. Meanwhile, the aim to improve the loan-to-deposit ratio led to strong growth in deposit inflows in 2011. Given the interest rate structure of retail loans on the one hand and financing for subsidiaries specialised in loans to consumers and businesses on the other, the overall interest rate position generated by retail banking activities in France gave rise to a net hedging requirement for fixed-rate loans;
- in Italy, commercial activity did not generate any significant shift in the interest-rate position, even though actions were taken to boost the proportion of fixed-rate lending;
- in Belgium and Luxembourg, after two years of strong deposit growth in order to regain market share, deposit inflows returned to a more normal level and, given the fall in long rates, a higher proportion of new loans were made at fixed rates. Consequently, the overall interest rate position generated by Belux retail banking activities did not change significantly.

There was also a marked reduction in the Group's exposure to sovereign risk in 2011. However, these divestments had no impact on the banking book's overall interest-rate position as the position was systematically adjusted using fixed-income derivatives. In Belgium, the impact of divestments on the overall interest-rate position was not entirely offset.

Against this backdrop, the hedging strategies implemented in 2011 varied from one domestic market to another. In France, derivative-based strategies (in the form of swaps) were supplemented by option-based hedges of intermediation margin contraction risks.

The hedges comprising derivatives and options are typically accounted for as fair value hedges or cash flow hedges. They may also take the form of government securities and are mostly accounted in the "Available For Sale" category.

Structural foreign exchange risk

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

A hedging relationship is applied and documented for investments in subsidiaries and branches financed by foreign currency loans so as to record movements in exchange rates symmetrically and avoid impacts on the profit and loss account. These instruments are designated as net investment hedges.

Fair value hedges are used to hedge the currency risk on equity investments in non-consolidated companies. During 2011, no Net Investment Hedges relationship was disqualified.

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

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

The table below concerns the scope of BNP Paribas SA's medium- and long-term transactions and shows the amount of hedged future cash flows (split by forecast date of realisation), which constitute the majority of the Group's transactions.

➤ TABLE 40: CASH FLOWS HEDGED

In millions of euros	31 December 2011				31 December 2010			
Period to realisation	**Less than 1 year**	**1 to 5 year**	**More than 5 years**	**Total**	**Less than 1 year**	**1 to 5 year**	**More than 5 years**	**Total**
Hedged cash flows	746	1,796	1,132	3,674	186	556	607	1,350

In the year ended 31 December 2011, several hedges of future income representing a non-material impact on profit and loss were requalified as ineligible for hedge accounting on the grounds that the related future event would be no longer highly probable (see note 2.c).

5.9 Liquidity and refinancing risk [Audited]

Liquidity and refinancing risk is the risk of the Group being unable to fulfil current or future foreseen or unforeseen cash or collateral requirements without affecting routine transactions or its financial position. This risk may arise as a result of total or partial lack of liquidity in certain assets or to the disappearance of certain funding sources. It may be related to the bank itself (reputation risk) or to external factors (crisis in certain markets).

Liquidity and 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 for the Group's activities; (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) cope with any liquidity crises; and (vi) control its cost of refinancing.

Roles and responsibilities in liquidity risk management

The Internal Control, Risk and Compliance Committee reports quarterly to the Board of Directors on liquidity policy principles and the Group's position.

The Group's Executive Committee sets the general liquidity risk management policy, including risk measurement principles, acceptable risk levels and internal liquidity billing rules. Responsibility for monitoring and implementation has been delegated to the Group ALM Committee. DashBoard reports are sent to the Group's Executive Committee monthly, weekly or daily depending on the market environment (monthly, weekly, or daily).

Group ALM Committee authorises implementation of the liquidity policy proposed by ALM Treasury, which relies on the principles set by the Executive Committee. The Executive Committee is notably informed on a regular basis of liquidity risk indicators, stress tests, and the execution of funding program. It is also informed of any crisis situation, and is responsible for deciding on the allocation of crisis management roles and approving emergency plans.

After validation by Group ALM Committee, ALM-Treasury is responsible for implementing the policy throughout the Group. The business line and entity ALM Committees implement at local level the strategy approved by Group ALM Committee.

Group Risk Management (GRM) contributes to defining liquidity policy principles. It also provides second-line control by validating the models, risk indicators (including liquidity stress tests), limits and market parameters used. GRM take part of Group ALM Committee and the local ALM Committees.

Centralised liquidity risk management

ALM-Treasury is responsible for managing liquidity for the entire Group across all maturities. In particular, it is responsible for refinancing and 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 tasked with providing internal financing to the Group's core businesses, operational entities and business lines, and investing their surplus cash. It is also responsible for building up and managing liquidity reserves, which comprise assets that can be easily liquidated in the event of a liquidity squeeze.

LIQUIDITY RISK MANAGEMENT AND SUPERVISION

Liquidity risk management and supervision is predicated on the following four factors:

- internal standards and indicators at various maturities;
- regulatory ratios;
- available refinancing capacity;
- other measures supplementing these indicators.

Internal liquidity management is based on a full range of standards and indicators at various maturities : thus the Group's consolidated liquidity position is measured regularly, by currency and on various maturities, at both Group and entity level.

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 operates.

Liquidity stress tests are performed, regularly on short maturities, based on market factors and/or factors specific to BNP Paribas that would adversely affect its liquidity position.

Medium and long term liquidity management is mainly based on the medium and long term liabilities vs. assets mismatch analysis. At a one year horizon, the liabilities/assets ratio has to be greater than 80%, with a target of not less than 85%. It is also monitored on the 2 to 5 years maturities. This ratio is based on the liquidity schedules of the balance sheet and off-balance sheet items for all Group entities, under assumptions concerning clients behaviour (anticipated pre-payments on loans, modelling customer behaviour for regulated savings accounts) or under a number of conventions.

- In addition, regulatory ratios complete the liquidity risk management framework.

These include the 1-month liquidity ratio, which is 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 indicators.

- The availability of sufficient liquidity reserves to cope with an unexpected surge in liquidity needs is regularly measured at Group and business lines level. These reserves mainly comprise available securities and loans eligible for central bank refinancing, deposits with central banks, available ineligible securities that can be sold under repurchase agreements or immediately on the market, and overnight loans not bound to be renewed.
- These arrangements are supplemented by additional measures: diversification of BNP Paribas' sources of short-term funds on a worldwide basis (by counterparty, business sector, refinancing market, country and currency), renewal of market-based funding, volume of collateralisable assets for medium and long-term issues, external pricing policy (trends in prices paid) and internal re-invoicing.

RISK EXPOSURE IN 2011

Consolidated balance sheet evolution

The Group had total assets of EUR 1965 billion at 31 December 2011, a decrease of EUR -33 billion compared with end-December 2010, due to the general asset optimisation plan undertaken by the Bank in early 2011 to reduce its balance sheet.

Excluding the fair value of derivatives(1), the balance sheet was reduced by EUR -141 billion over the year. On the assets side, this stemmed mainly from a EUR -123 billion contraction in trading book securities and repos. On the liabilities side, trading book securities and repos contracted by EUR -53 billion. The remainder stemmed principally from the adjustment of financing needs to the balance sheet size.

Cash balance sheet evolution

From balance sheet, in order to facilitate the analysis of the net assets to be refinanced, a cash balance is produced in which trading assets and payables/receivables are cleared with comparable liabilities.

Net assets to be refinanced(2) amounted to EUR 965 billion, a decrease of EUR -132 billion compared with 31 December 2010. Funding needs generated by commercial customer assets, net trading book assets and tangible and intangible assets, accounted for EUR 746 billion, and are widely covered by the stable resources (equity, commercial customer deposits and market financing over one year): the stable resources excess is EUR 24 billion.

Internal medium and long-term liquidity ratios

Over one year liabilities/assets ratio for the same maturity was 88% at the end of December 2011 for the consolidated BNP Paribas Group, versus 86% at end-December 2010.

Regulatory liquidity ratios

The average 1-month regulatory liquidity ratio for BNP Paribas SA (parent company and branches) was 150% in 2011 compared with a minimum requirement of 100%.

RISK MITIGATION TECHNIQUES

The main liquidity risk mitigation techniques are building up a liquidity reserve, diversifying funding sources and extending financing maturities.

The Bank's treasury position is adjusted by managing the liquidity reserve, which comprises deposits with central banks and highly liquid assets. One way to strengthen the liquidity reserve is to transform less liquid assets into liquid assets by securitising pools of loans.

Funding sources are diversified through the various distribution networks, entities, currencies and collateralised or non-collateralised financing programmes.

The financing structure can also be improved by extending the maturity of and seeking more stable funding sources.

Given market environment in 2011, the Group also took measures to adapt its solvency, liquidity and balance sheet model. A general asset optimisation plan aimed at reducing the balance sheet was defined and implemented. The main thrust of the plan involved refocusing the business lines on their core activities as well as a specific action plan regarding CIB for US dollar liquidity. Largely hired in the second half of 2011, its implementation will continue on 2012.

Funding raised by the Group in the markets with an initial maturity of over 1 year came to EUR 47.4 billion in 2011 (EUR 36.5 billion in 2010), with an average maturity of 6 years; 32% of the raised resources were in US(3) dollars.

The amount of these issues placed through the branch networks came to EUR 8.6 billion and private placements to EUR 9.9 billion.

Proprietary securitisations

(See section 5.6: Proprietary securitisation).

(1) Including hedging derivatives.

(2) Excluding Insurance and Klépierre.

(3) Included the other-currency denominated issues swapped in USD.

5.10 Operational risk

RISK REDUCTION AND HEDGING POLICY [Audited]

RISK MANAGEMENT FRAMEWORK

Regulatory framework

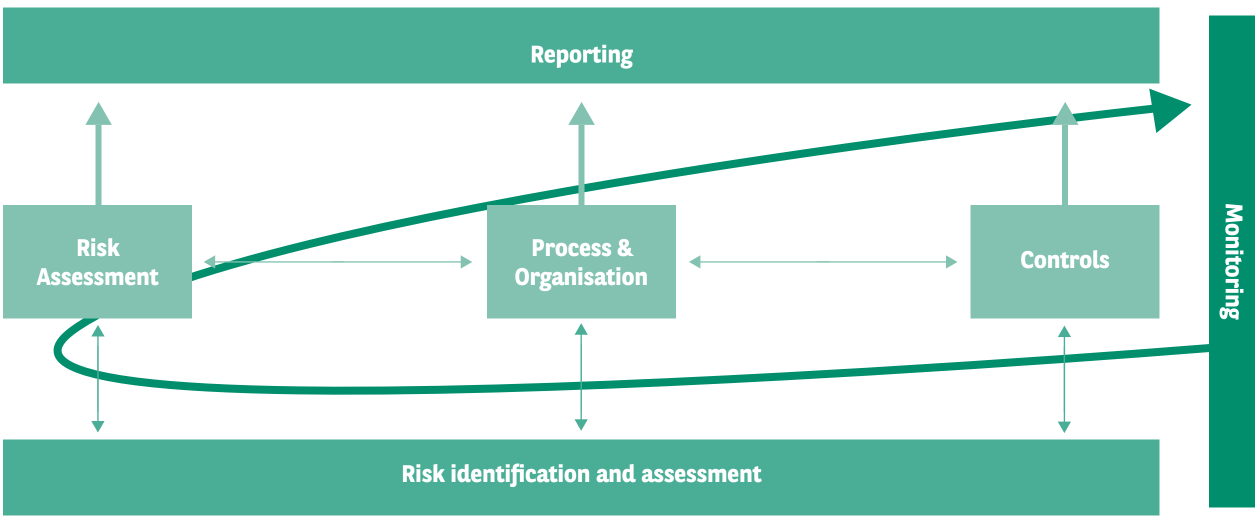
Operational risk management is governed by a strict regulatory framework:

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

Objectives and principles

To meet this dual requirement of measuring and managing operational risk, BNP Paribas has developed a five-stage iterative risk management process:

- identifying and assessing operational risks;
- formulating, implementing and monitoring the risk mitigation system, including procedures, checks and all organisational elements designed to help to control risk, such as segregation of tasks, management of 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 for the majority of entities with the standardised or basic approach for other entities depending on their level of maturity. Under the Advanced Measurement Approach (AMA), loss distributions are modelled and calibrated using two sets of data: historical event data since 2002 for the BNP Paribas Group and the major international banks, and internally constructed potential event scenarios to take better account of the extreme risks to which the Bank is exposed. This model was approved by the French banking supervisor (Autorité de Contrôle Prudentiel) in 2008;
- widespread use of control plans: BNP Paribas has rolled out a process of formulating "control plans", which have three objectives: harmonising practices, rationalising the system and standardising controls. This practice will also cover the Group's international operations and thereby support its structure enhancements. It is based on a risk mapping exercise carried out to identify and quantify potential risk scenarios, involving all the Group's core businesses, retail operational entities, business lines and Group functions.

Key players and governance

The BNP Paribas Group's objective is to implement a permanent control and operational risk management system organised around two types of participants:

- Heads of operational entities, who are on the front line of risk management and implementation of systems to manage these risks.
- Specialised teams, who are present at every level of the Group (core businesses, retail operational entities, functions, business lines) and coordinated centrally by the 2OPC team (Oversight of Operational Permanent Control), which is part of Group Compliance and a participant in the Group's risk management process. These teams are, in particular, responsible for:
  - coordinating throughout the areas within their remit the definition and implementation of the permanent control and operational risk management system, its standards and methodologies, reporting and related tools;
  - acting as a second pair of eyes that is independent of the operational managers to scrutinise operational risk factors and the functioning of the operational risk and permanent control system, and issuing warnings, where appropriate.

More than 400 employees on a full-time equivalent basis are responsible for these supervisory activities.

Issues that arise in relation to permanent operational risk management and business continuity are discussed with the Group's Executive Committee on a regular basis, and periodically with the Internal Control Coordination Committee. This committee is chaired by the Internal Control Coordinator and brings together key players in the internal control process. The Group's core businesses, retail operational entities, business lines and functions tailor this governance structure to their own organisations, with the participation of Executive Management. Most other Group entities, particularly the major subsidiaries, have set up a similar structure.

Scope and nature of risk reporting and measurement

Group Executive Committees, core businesses, retail operational entities, business lines and functions are tasked with overseeing the management of operational and non-compliance risk and permanent control in the areas falling within their remit, in accordance with the Group's operational risk framework. The committees validate the quality and consistency of reporting data, examine their risk profile in light of the tolerance levels set and assess the quality of risk control procedures in light of their objectives and the risks they incur. They monitor the implementation of risk mitigation measures.

Operational risk management has developed a system of data collection of actual or potential incidents using an approach structured by operational process and entity (activities in a country and a single legal entity) focusing on the cause-and-effect chain behind events. This information is used as the basis for risk mitigation and prevention measures.

The most significant information is brought to the attention of staff at various levels of the organisation, up to and including executive and decision-making bodies, in line with a predefined information reporting process.

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 were AMA approved before joining the BNP Paribas Group and have established a system that analyses historical incidents and forward-looking data. The BNP Paribas Group's system should be extended to encompass BNP Paribas Fortis and BGL BNP Paribas in 2012.

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

Legal risk

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

For many years, the Legal Department has had an overarching 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 and supervises the activities of the legal function throughout the Group in all countries that have their own legal staff, and ensures that the Group's legal policies are consistent and applied in a uniform manner,
  - the Legislation Tracking Committee, which monitors draft legislation, and analyses, interprets and distributes throughout the Group the texts of new laws and regulations, as well as 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 participation of the Director of Legal Affairs (or one of his/her representatives) as a standing member of the Internal Control, Risk and Compliance Committee;
- internal procedures and databases providing a framework for (i) managing legal risk, in 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;
- 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;

- internal reporting tools 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.

In a difficult economic environment marked by increasing regulations and heavier regulatory requirements, the legal function must be able to take a global view and anticipate the impact of future regulations.

With this in mind, the new Group Legal Department has reorganised the legal function to give the various general or specialist committees more responsibility and ensure that they work more closely together. The various Legal Departments, particularly centrally, have been restructured to make their areas of involvement clearer. A stronger focus has also been placed on sharing strategic data. For example, the objectives and operating methods of the Legal Practice Groups (LPG) have been clarified, a Steering Center for European Law common to BNP Paribas and BNP Paribas Fortis has been created to encourage greater knowledge-sharing in this area and to provide a knowledge management tool, the Legal Portal has been developed for exchanging legal and organisational informations provided by the central and local legal teams in France and abroad.

In addition, further work was carried out on developing a broader legal outsourcing policy with a view to combining quality with cost control.

Tax risk

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

The Group Tax Department is a global function, responsible for overseeing the consistency of the Group's tax affairs. It also shares responsibility for monitoring global tax risks with Group 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 16 countries completed by tax correspondents covering other countries where the Group operates;
- a qualitative data reporting system in order to manage tax risks and assess compliance with local tax laws;
- regular reporting to Group Executive Management on the use made of delegations of authority and compliance with internal standards.

The Group Tax Department co-chairs the Tax Coordination Committee with Group 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. In addition, Group Development and Finance is obliged to consult the Group Tax Department on any tax issues arising on transactions processed.

Lastly, the Group Tax Department has drawn up procedures covering all core businesses, designed to ensure that tax risks are identified, addressed and controlled appropriately.

Information security

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

Information security incidents experienced by the banking and credit/payment card industries, their cost and media disclosure in various countries requires the Group to continuously strengthen its ability to anticipate, prevent, protect, detect and react in order to counter the major threats and track regulations and case law on data protection.

The Group's information security policy is set out in a corpus of reference documents geared to its various needs, both functional and technical. These documents include the general security policy; more specific policies for various issues related to information systems security; ISO 27001 requirements; practical guides to security requirements; operational procedures and all documents intended to raise the awareness of employees and users of the Group's information systems.

The security framework is drilled down to each individual business line, taking account of any regulatory requirements, the security risk appetite of the business line in question and the specific threats it faces. Each business line uses the Group's standardised approach to managing information security (the primary methodology used is ISO 27005, supported by the French EBIOS risk analysis methodology), objective indicators, residual risk assessments and action plans. This approach is supported by information security control plans designed to assess its effectiveness (deployment and quality) with regard to all the Group's key assets and to measure the level of maturity of the various structure. It forms part of the permanent and periodic control framework set up for each banking activity pursuant to CRBF regulation 97-02 (amended in 2004) in France or similar regulations in other countries.

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

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

Confidentiality of customer data and transaction integrity are also areas covered by the Bank's continuous progress approach, not only to counter the threats described earlier but also to provide our customers with a service that meets their expectations.

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

- updating the procedural framework for each business line governing day-to-day practices to take account of developments in business activities and new trends;
- raising employees' awareness of information security imperatives and training key players in the appropriate procedures and behaviours related to information system resources;
- rolling out and developing controls for BNP Paribas entities and external partners, and strengthening support actions;
- strengthening the security of IT developments, better measurement of responsiveness in terms of information security and preventing data leaks;
- monitoring incidents and developing intelligence of technological vulnerability and information systems attacks.

BNP Paribas takes a continuous progress approach to information security. Apart from investing heavily in protecting its information systems assets and information resources, the level of security must be supervised and controlled continuously. This enables the Bank to adjust swiftly to new threats caused by cyber crime. As a result of this continuous progress approach, the security model has been revised to ensure that it takes account of technological changes that have a strong impact on interactions between users (clients and employees) and their information systems. This requires Group-level investments in developing tools to scale up security processes, set up a security community and continue the major projects forming part of the Group's information security development plan.

APPROACH AND SCOPE

The Group Compliance department has outlined the Group's operational risk management approach, by delegation from the Risk Management Department. This approach uses an operational risk model scaled to be proportionate to the risk being incurred and aims to ensure that the vast majority of operational risks are covered.

The corresponding capital requirement is calculated for each legal entity in the BNP Paribas Group prudential scope. The amount of risk-weighted assets is calculated by multiplying the capital requirement by 12.5.

BNP Paribas uses a hybrid approach combining the Advanced Measurement Approach (AMA), standardised approach, and basic indicator approach.

For the Group in its pre-Fortis configuration, the AMA methodology has been deployed in the most significant entities of each division or Retail Banking Operational entities. This includes most of Retail Banking in France and Italy, CIB, and Investment Solutions.

BNP Paribas Fortis and BGL BNP Paribas business lines are also due to use the Group's AMA model as of 2012. For other entities, an AMA transition plan has been set up for future years.

In the meantime, or for smaller entities, the standardised or even the basic approach is used.

ADVANCED MEASUREMENT APPROACH (AMA)

Under the Advanced Measurement Approach (AMA) for calculating capital requirements as deployed within the historical scope of BNP Paribas (before the acquisition of Fortis), the bank must develop an internal operational risk model based on internal loss data (historical and potential), external loss data, various scenarios analyses, environmental factors, and internal controls.

BNP Paribas' internal model meets the AMA criteria and includes the following features:

- the model uses an aggregate annual loss distribution, meaning that the frequency and severity of losses from operational risks are modelled using an actuarial approach and according to distributions calibrated with available data;
- it uses historical data as well as forecasts to calculate capital requirements, with a predominance for forecasts because forecast can be shaped to reflect severe risks;
- the model is faithful to its input data, so that its results can be used easily by each of the Group's business lines. Most of the assumptions are therefore included in the data themselves;
- it is prudent in its capital requirement calculations. The input data are thoroughly reviewed, and any supplemental data are added if needed to cover all relevant risks within the Group.

The AMA uses VaR (Value at Risk), or the maximum potential loss over one year, at a 99.9% confidence level to calculate regulatory capital requirements.

Capital requirements are calculated on an aggregate level using data from all Group entities that have adopted the AMA, then allocated to individual legal entities.

FIXED-PARAMETER APPROACHES

BNP Paribas uses fixed-parameter approaches (basic or standardised) to calculate the capital requirements for entities in the Group's scope of consolidation that are not integrated in the internal model.

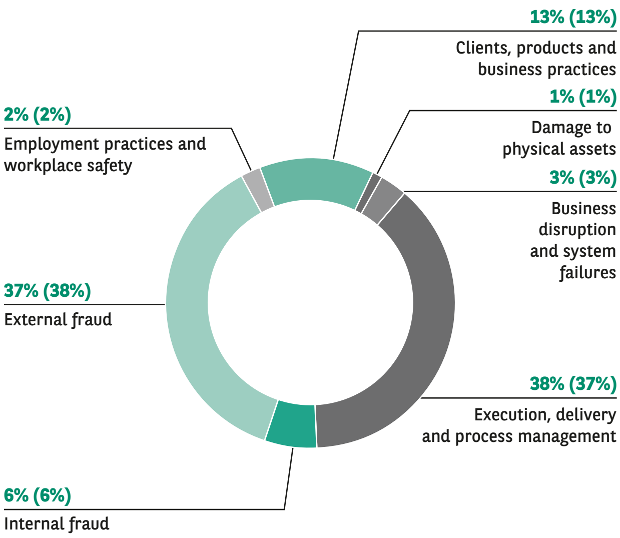
Basic indicator approach: The capital requirement is calculated by multiplying the entity's average net banking income (the exposure indicator) over the past three years by an alpha parameter set by the regulator (15% risk weight).

Standardised approach: The capital requirement is calculated by multiplying the entity's average net banking income over the past three years by a beta factor set by the regulator according to the entity's business category. Therefore in order to use the banking supervisor's beta parameters, the Group has divided all its business lines into the eight business categories, with each business line assigned to these categories, without exception nor overlap.

BNP PARIBAS GROUP OPERATIONAL RISK EXPOSURE

Banking regulation divides operational loss events into seven categories: (i) internal fraud, (ii) external fraud, (iii) employment practices and workplace safety (such as an anomaly in the recruitment process), (iv) customers, products and business practices (such as product defects, mis-selling, etc.), (v) damage to physical assets, (vi) business disruption and system failures, (vii) failures in process execution, delivery and management (data entry error, error in documentation, etc.).

➤ OPERATIONAL LOSSES: BREAKDOWN BY EVENT TYPE (AVERAGE 2007 -2011)(*)



(*) Percentages in brackets correspond to average loss by type of event for the 2006-2010 period.

Process failures, typically arising from execution or transaction processing errors, and external fraud represent the two main operational loss event. Fraud of this kind, such as payment and credit fraud, is fairly common in the world of retail banking. In Corporate and Investment Banking, incidents of fraud are rarer but of larger scale.

The third biggest loss event corresponds to events associated with business practices, and the prevalence of these has been trending to stabilize over time after a phase of increase. Internal fraud accounts for about 6% of the groups operational losses, with marked differences in geographic concentration.

The remaining types of incidents account for relatively small amounts of losses.

The BNP Paribas Group pays the utmost attention to analysing its operational risk incidents in order to improve its already well-structured control system.

CAPITAL REQUIREMENT BY CALCULATION APPROACH

(See section 5.4, Capital management and capital adequacy.)

RISK REDUCTION THROUGH INSURANCE POLICIES

Risks incurred by the BNP Paribas Group may be covered by major insurers with the dual aim of protecting its balance sheet and profit and loss account. The Group's insurance policy is based on a risk identification and assessment procedure underpinned by risk mapping, detailed operating loss data and forward-looking analysis.

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

In order to optimise costs and effectively manage its exposure, the Group self-insures some well identified risks whose impact in terms of frequency and cost is known or can be adequately estimated.

In selecting insurers, the Group pays close attention to the credit rating and claims paying ability of the companies concerned.

Detailed information on risks incurred by BNP Paribas as well as risk assessment visits, enable insurers to assess the quality of coverage and risk prevention within the Group, as well as the safeguard measures put in place and upgraded on a regular basis in light of new standards and regulations.

5.11 Compliance and reputation risk [Audited]

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

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

The function includes a central structure in Paris responsible for overseeing and supervising all compliance matters, and local teams within the Group's various core businesses, retail operational entities, business lines and functions acting under delegated authority from the central team. This system is reinforced continuously.

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

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

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

5.12 Insurance risks [Audited]

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 technical reserves represents over 95% of the insurance subsidiaries' liabilities.

There are three types of financial risk:

INTEREST RATE AND ASSET VALUES RISK

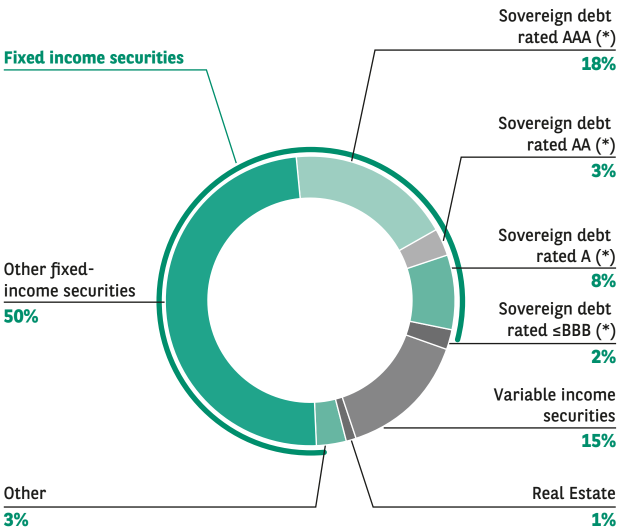
Policyholder yields on non-unit-linked life insurance policies are based on either a fixed rate specified in the policy or a variable rate, with or without a fixed floor rate. All of these policies give rise to an interest rate and asset values risk, corresponding to the risk that the return on admissible 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 Cardif Asset/Liability Management unit, which coordinates its activities with the BNP Paribas ALM-Treasury Department. Regular asset-liability matching reviews are performed to measure and manage the financial risks, based on medium and/or long-term income statement and balance sheet projections prepared according to various economic scenarios. The results of these reviews are analysed in order to determine any adjustments to assets (through diversification, use of derivatives, etc.) that are required to reduce the risks arising from changes in interest rates and asset values.

The management of interest rate risk for the General Insurance Fund and the assets diversification policy drive to invest in real estate assets portfolios, equities and fixed income securities, among which government bonds in particular of the Euro zone countries.

The sovereign risk exposure remains however limited for the BNP Paribas Group Cardif. Indeed, the mechanism attached to the participation insurance contracts leads to affect the (revaluation) reserve for deferred participation in profits made up for the benefit of insured persons by the main part of the variation of the asset value hold by General Insurance Fund.

➤ **BREAKDOWN OF SOVEREIGN DEBTS EXPRESSED AS A PERCENTAGE OF ASSETS UNDER MANAGEMENT**



Total assets: EUR 103 billion at 31 December 2011

** Standard & Poor's ratings.*

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 2011 or 2010 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. Short-term (one year) liquidity analyses are also carried out, which include various surrender rate increase assumptions to ensure that the Group can face stress situation;
- 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

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.

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 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 2011 (versus EUR 16 million at 31 December 2010).

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, estimated Solvency II capital requirements and estimated margins on the policies concerned. The experience acquired in managing geographically diversified portfolios is used to regularly update risk pricing databases comprising a wide range of criteria such as 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 Cardif.

Risk exposures are monitored at quarterly intervals by BNP Paribas Cardif'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.

Appendix: capital requirements of significant subsidiaries

The following tables give the capital requirements of significant subsidiaries by type of risk, as contribution to the Group's total capital requirement.

BNP PARIBAS FORTIS

In millions of euros	31 December 2011		31 December 2010	
	Risk-weighted assets(*)	Capital Requirement(*)	Risk-weighted assets(*)	Capital Requirement(*)
CREDIT AND COUNTERPARTY RISK	**108,566**	**8,685**	**113,008**	**9,041**
Credit risk	104,174	8,334	108,326	8,666
Credit risk – IRBA	**58,625**	**4,690**	**64,074**	**5,126**
Central governments and central banks	1,551	124	1,593	127
Corporates	31,980	2,558	32,798	2,624
Institutions	3,149	252	6,037	483
Retail	13,201	1,056	12,401	992
Real estate loans	*6,151*	*492*	*5,263*	*421*
Revolving exposures	*74*	*6*	*65*	*5*
Other exposures	*6,976*	*558*	*7,073*	*566*
Securitisation positions	8,610	689	11,042	883
Other non credit-obligation assets	134	11	203	16
Credit risk – Standardised approach	**45,549**	**3,644**	**44,252**	**3,540**
Central governments and central banks	933	75	2,307	185
Corporates	21,374	1,710	20,474	1,638
Institutions	1,507	121	1,932	155
Retail	14,947	1,196	12,235	979
Real estate loans	*804*	*64*	*445*	*36*
Revolving exposures	*200*	*16*	*442*	*35*
Other exposures	*13,943*	*1,115*	*11,348*	*908*
Securitisation exposures	23	2	212	17
Other non credit-obligation assets	6,765	541	7,092	567
Counterparty risk	4,392	351	4,682	375
Counterparty risk – IRBA	**3,440**	**275**	**3,673**	**294**
Central governments and central banks	22	2	5	0
Corporates	2,045	163	1,481	119
Institutions	1,373	110	2,187	175
Counterparty risk – Standardised approach	**952**	**76**	**1,009**	**81**
Central governments and central banks	0	0	6	0
Corporates	837	67	982	79
Institutions	101	8	12	1
Retail	14	1	9	1
EQUITY RISK	**4,922**	**394**	**4,437**	**355**
Internal model	2,614	209	978	78
Private equity exposures in diversified portfolios	*8*	*1*		
Listed equities	*3*	*0*	*13*	*1*
Other equity exposures	*2,603*	*208*	*965*	*77*
Simple weighting method (other exposures)	1,248	100	1,407	113
Private equity exposures in diversified portfolios	*1,109*	*89*	*1,085*	*87*
Listed equities	*14*	*1*	*15*	*1*
Other equity exposures	*125*	*10*	*307*	*25*
Standardised approach	1,060	85	2,052	164
MARKET RISK	**523**	**42**	**3,485**	**279**
Internal model (**)			1,304	104
Standardised approach	523	42	2,181	175
OPERATIONAL RISK	**12,065**	**965**	**12,042**	**963**
Advanced Measurement Approach (AMA)	8,969	717	8,256	660
Standardised approach	371	30	269	22
Basic indicator approach	2,725	218	3,517	281
TOTAL	**126,076**	**10,086**	**132,972**	**10,638**

(*) End of period.
(**) Following the extension of the scope of Group VaR to BNP Paribas Fortis, the contribution of BNP Paribas Fortis to Group market risk can no longer be isolated.

BNL

In millions of euros	31 December 2011		31 December 2010	
	Risk-weighted assets(*)	Capital Requirement(*)	Risk-weighted assets(*)	Capital Requirement(*)
CREDIT AND COUNTERPARTY RISK	**69,098**	**5,528**	**68,524**	**5,482**
Credit risk	68,258	5,461	67,840	5,427
Credit risk – IRBA	**167**	**13**	**145**	**12**
Central governments and central banks	13	1	10	1
Corporates	153	12	111	9
Institutions	0	0	24	2
Credit risk – Standardised approach	**68,091**	**5,447**	**67,695**	**5,416**
Central governments and central banks	54	4	56	5
Corporates	45,999	3,680	45,761	3,661
Institutions	2,573	206	1,554	124
Retail	16,499	1,320	16,825	1,346
Real estate loans	*7,701*	*616*	*8,960*	*717*
Revolving exposures	*314*	*25*	*0*	*0*
Other exposures	*8,484*	*679*	*7,865*	*629*
Securitisation positions	224	18	212	17
Other non credit-obligation assets	2,743	219	3,287	263
Counterparty risk	841	67	684	55
Counterparty risk – Standardised approach	**841**	**67**	**684**	**55**
Corporates	726	58	600	48
Institutions	115	9	84	7
EQUITY RISK	**709**	**57**	**575**	**46**
Internal model	709	57	575	46
Listed equities	*0*	*0*	*1*	*0*
Other equity exposures	*709*	*57*	*574*	*46*
MARKET RISK	**9**	**1**	**16**	**1**
Standardised approach	9	1	16	1
OPERATIONAL RISK	**3,203**	**256**	**4,682**	**375**
Advanced Measurement Approach (AMA)	2,880	230	39	3
Standardised approach	255	20	4,561	365
Basic indicator approach	68	5	82	7
TOTAL	**73,020**	**5,842**	**73,797**	**5,904**

(*) End of period.

BANCWEST

In millions of euros	31 December 2011		31 December 2010	
	Risk-weighted assets(*)	Capital Requirement(*)	Risk-weighted assets(*)	Capital Requirement(*)
CREDIT AND COUNTERPARTY RISK	**41,440**	**3,315**	**39,968**	**3,197**
Credit risk	41,013	3,281	39,650	3,172
Credit risk – Standardised approach	41,013	3,281	39,650	3,172
Central governments and central banks	3	0		
Corporates	24,734	1,979	22,787	1,823
Institutions	836	67	1,246	100
Retail	12,591	1,007	12,106	969
Real estate loans	*5,664*	*453*	*5,639*	*451*
Revolving exposures	*485*	*39*	*509*	*41*
Other exposures	*6,441*	*515*	*5,958*	*477*
Securitisation positions	290	23	707	57
Other non credit-obligation assets	2,561	205	2,804	224
Counterparty risk	427	34	318	25
Counterparty risk – Standardised approach	427	34	318	25
Corporates	427	34	318	25
EQUITY RISK	**37**	**3**	**5**	**0**
Internal model	37	3	5	0
Listed equities	*0*	*0*	*0*	*0*
Other equity exposures	*37*	*3*	*5*	*0*
MARKET RISK	**19**	**2**	**75**	**6**
Standardised approach	19	2	75	6
OPERATIONAL RISK	**3,114**	**249**	**3,002**	**240**
Standardised approach	3,114	249	3,002	240
TOTAL	**44,610**	**3,569**	**43,050**	**3,444**

(*) *End of period.*

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BNP PARIBAS PERSONAL FINANCE

In millions of euros	31 December 2011		31 December 2010	
	Risk-weighted assets(*)	Capital Requirement(*)	Risk-weighted assets(*)	Capital Requirement(*)
CREDIT AND COUNTERPARTY RISK	**40,990**	**3,279**	**42,543**	**3,403**
Credit risk	40,974	3,278	42,527	3,402
Credit risk – IRBA	**9,290**	**743**	**9,305**	**744**
Corporates	0	0	18	1
Institutions	0	0	102	8
Retail	9,290	743	9,185	735
Revolving exposures	*4,887*	*391*	*4,929*	*394*
Other exposures	*4,403*	*352*	*4,256*	*341*
Credit risk – Standardised approach	**31,684**	**2,535**	**33,222**	**2,658**
Central governments and central banks	72	6	77	6
Corporates	341	27	233	19
Institutions	728	58	253	20
Retail	29,319	2,345	31,025	2,482
Real estate loans	*11,919*	*954*	*12,495*	*1,000*
Revolving exposures	*2,023*	*162*	*2,076*	*166*
Other exposures	*15,377*	*1,230*	*16,454*	*1,316*
Securitisation positions	0	0	266	21
Other non credit-obligation assets	1,224	98	1,368	109
Counterparty risk	16	1	16	1
Counterparty risk – Standardised approach	**16**	**1**	**16**	**1**
Institutions	16	1	16	1
EQUITY RISK	**162**	**13**	**152**	**12**
Internal model	162	13	152	12
Other equity exposures	*162*	*13*	*152*	*12*
MARKET RISK	**32**	**3**	**124**	**10**
Standardised approach	32	3	124	10
OPERATIONAL RISK	**4,534**	**363**	**4,462**	**357**
Advanced Measurement Approach (AMA)	1,804	144	1,738	139
Standardised approach	898	72	959	77
Basic indicator approach	1,832	147	1,765	141
TOTAL	**45,718**	**3,657**	**47,281**	**3,783**

(*) *End of period.*

BNP PARIBAS SUISSE SA

In millions of euros	31 December 2011		31 December 2010	
	Risk-weighted assets(*)	Capital Requirement(*)	Risk-weighted assets(*)	Capital Requirement(*)
CREDIT AND COUNTERPARTY RISK	**7,677**	**614**	**11,408**	**913**
Credit risk	7,639	611	11,393	911
Credit risk – IRBA	**5,629**	**450**	**9,056**	**724**
Central governments and central banks	3	0	7	1
Corporates	4,571	366	7,873	630
Institutions	1,055	84	1,176	94
Credit risk – Standardised approach	**2,010**	**161**	**2,337**	**187**
Central governments and central banks	43	3		
Corporates	1,495	120	1,116	89
Retail	69	5		
Other exposures	81	6	819	66
Other non credit-obligation assets	322	26	402	32
Counterparty risk	38	3	15	1
Counterparty risk – Standardised approach	**38**	**3**	**15**	**1**
Corporates	38	3	15	1
Equity risk	**0**	**0**	**1**	**0**
Internal model	0	0	1	0
Other equity exposures	*0*	*0*	*1*	*0*
MARKET RISK	**10**	**1**	**0**	**0**
Standardised approach	10	1	0	0
OPERATIONAL RISK	**708**	**57**	**916**	**73**
Advanced Measurement Approach (AMA)	708	57	916	73
TOTAL	**8,395**	**672**	**12,325**	**986**

(*) End of period.

6 INFORMATION ON THE PARENT COMPANY FINANCIAL STATEMENTS

6.1 BNP Paribas SA financial statements

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

In millions of euros, at 31 December	Note	2011	2010
Interest income	3.a	23,427	21,516
Interest expense	3.a	(16,693)	(15,261)
Income on equities and other variable instruments	3.b	2,626	1,796
Commission income	3.c	5,534	4,878
Commission expense	3.c	(805)	(1,047)
Gains (losses) on trading account securities		152	2,533
Gains (losses) on securities available for sale		(953)	(788)
Other banking income		246	180
Other banking expenses		(124)	(194)
REVENUES		**13,410**	**13,613**
Salaries and employee benefit expenses	6.a	(5,324)	(5,517)
Other administrative expenses		(3,466)	(3,103)
Depreciation, amortisation, and provisions on tangible and intangible assets		(499)	(507)
GROSS OPERATING INCOME		**4,121**	**4,485**
Cost of risk	3.d	(1,923)	(1,289)
OPERATING INCOME		**2,198**	**3,196**
Net gain (loss) on disposals of long-term investments	3.e	969	343
Net addition to regulated provisions		(1)	43
INCOME BEFORE TAX		**3,166**	**3,583**
Corporate income tax	3.f	300	(118)
NET INCOME		**3,466**	**3,465**

BALANCE SHEET AT 31 DECEMBER 2011

In millions of euros, at	Note	31 December 2011	31 December 2010
Assets			
Cash and amounts due from central banks and post office banks		41,389	23,453
Treasury bills and money-market instruments	4.c	116,528	136,232
Due from credit institutions	4.a	311,868	336,700
Customer items	4.b	334,692	365,772
Bonds and other fixed-income securities	4.c	96,017	95,816
Equities and other variable-income securities	4.c	2,541	8,717
Investments in subsidiaries and equity securities held for long-term investment	4.c	4,857	4,924
Affiliates	4.c	53,698	55,266
Leasing receivables		66	94
Intangible assets	4.i	6,225	6,124
Tangible assets	4.i	2,204	2,185
Treasury shares	4.d	556	68
Other assets	4.g	247,788	189,633
Accrued income	4.h	84,779	73,190
TOTAL ASSETS		**1,303,208**	**1,298,176**
Liabilities			
Due to central banks and post office banks		944	1,714
Due to credit institutions	4.a	351,480	365,432
Customer items	4.b	283,328	324,378
Debt securities	4.f	144,480	173,946
Other liabilities	4.g	363,163	295,004
Accrued expenses	4.h	85,214	60,779
Provisions	4.j	3,945	3,070
Subordinated debt	4.k	16,542	21,083
TOTAL LIABILITIES		**1,249,096**	**1,245,406**
Shareholders' equity	7.b		
Share capital		2,415	2,397
Additional paid-in capital		22,225	21,850
Retained earnings		26,006	25,058
Net income		3,466	3,465
TOTAL SHAREHOLDERS' EQUITY		**54,112**	**52,770**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,303,208**	**1,298,176**

Off-balance sheet items	Note	31 December 2011	31 December 2010
Commitments given			
Financing commitments	5.a	171,712	210,259
Guarantee commitments	5.b	141,881	141,933
Commitments given on securities		304	370
Commitments received			
Financing commitments	5.a	73,720	105,266
Guarantee commitments	5.b	250,272	185,441
Commitments received on securities		4	135

Notes to the parent company financial statements

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED BY BNP PARIBAS SA

BNP Paribas SA's financial statements have been prepared in accordance with the accounting principles applied to credit institutions in France.

AMOUNTS DUE FROM CREDIT INSTITUTIONS AND CUSTOMERS

Amounts due from credit institutions include all subordinated and unsubordinated loans made in connection with banking transactions with credit institutions, with the exception of debt securities. They also include assets purchased under resale agreements, whatever the type of assets concerned, and receivables corresponding to securities sold under collateralised repurchase agreements. They are broken down between demand loans and deposits, and term loans and time deposits.

Amounts due from customers include loans to customers other than credit institutions, with the exception of loans represented by debt securities issued by customers, assets purchased under resale agreements, whatever the type of assets concerned, and receivables corresponding to securities sold under collateralised repurchase agreements. They are broken down between commercial loans, customer debit accounts, and other loans.

Amounts due from credit institutions and customers are recorded in the balance sheet at nominal value plus accrued interest not yet due.

Outstanding loans and confirmed credit facilities are classified into sound loans, including sound restructured loans, and doubtful loans. The same analysis is performed for credit risks attached to forward financial instruments whose present value represents an asset for the Group.

Credit risks on outstanding loans and confirmed credit facilities are monitored with an internal rating system based on two key parameters: the probability of default by the counterparty, expressed as a rating, and the overall recovery rate determined by reference to the type of transaction. There are 12 counterparty ratings, ten covering sound loans and two covering doubtful loans and loans classified as irrecoverable.

Doubtful loans are defined as loans where the Bank considers that there is a risk that the borrowers will be unable to honour all or part of their commitments. This is the case for all loans on which one or more instalments are more than three months overdue (six months in the case of real estate loans or loans to local governments), as well as loans for which legal procedures have been launched. When a loan is classified as doubtful, all other loans and commitments to the debtor are automatically assigned the same classification.

The Bank recognises an impairment for doubtful accounts on these loans, in an amount corresponding to the difference between the total loan value and current value of the future cash flows (from principal, interest, and any realised guarantees) that are deemed recoverable, using a discount rate equal to the original effective interest rate for fixed-rate loans, or the most recent contractual interest rate for floating-rate loans. The guarantees considered here include mortgages and pledges on assets, as well as credit derivatives acquired by the Bank as a protection against credit losses in the loan book.

If a loan is restructured because the borrower is facing financial difficulties, the Bank calculates a discount at the current value of the difference between the old and new repayment terms. These discounts are recognised as a deduction to assets and reversed through income on an actuarial basis over the remaining term of the loan. If any instalments on a restructured loan are not paid, the loan is permanently reclassified as irrecoverable regardless of the terms of the restructuring.

In the case of doubtful loans where the borrower has resumed making regular payments in accordance with the original repayment schedule, the loan is reclassified as sound. Doubtful loans that have been restructured are also reclassified as sound, provided that the restructuring terms are met.

Irrecoverable loans include loans to borrowers whose credit standing is such that after a reasonable time recorded in doubtful loans no reclassification as a sound loan is foreseeable, loans where an event of default has occurred, almost all restructured loans where the borrower has once again defaulted, and loans classified as doubtful for more than one year that are in default and are not secured by guarantees covering a substantial portion of the amount due.

Impairments for credit risks on assets are deducted from the carrying amount of the assets. Provisions recorded under liabilities include provisions related to off-balance sheet commitments, loss provisions relating to interests in real-estate development programmes, provisions for claims and litigation, provisions for unidentified contingencies and provisions for unforeseeable industry risks.

Additions to and recoveries of provisions and impairment, losses on irrecoverable loans, recoveries on loans covered by provisions and discounts calculated on restructured loans are recorded in the profit and loss account under "Cost of risk".

The interest received from the repayment of the carrying amount of loans that have been written-down, as well as the reversals of discounting effects and the discount on restructured loans, are recognised under "Interest income".

REGULATED SAVINGS AND LOAN CONTRACTS

Home savings accounts (Comptes Épargne Logement, or CELs) and home savings plans (Plans d'Épargne Logement, or PELs) are government-regulated retail products sold in France. They combine an inseparable savings phase and a loan phase with the loan phase contingent upon the savings phase.

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

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

At-risk outstandings are estimated on the basis of a historical analysis of customer behaviour, and equate to statistically probable outstanding loans and the difference between statistically probable outstandings and minimum expected outstandings, with minimum expected outstandings being deemed equivalent to unconditional term deposits.

Earnings for future periods from the savings phase are estimated as the difference between the reinvestment rate and the fixed savings interest rate on at-risk outstanding savings 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 outstanding loans for the period in question.

The reinvestment rate for savings and the refinancing rate for loans are derived from the swap yield curve and from the spreads expected on financial instruments of similar type and maturity. Spreads are determined on the basis of actual spreads on (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.

When the sum of BNP Paribas SA's estimated future obligations with respect to the savings and loan phases of any generation of contracts indicates a potentially unfavourable situation for BNP Paribas SA, a provision is recognised, with no offset between generations, in the balance sheet under "Provisions". Movements in this provision are recognised as interest income in the profit and loss account.

SECURITIES

The term "securities" covers interbank market securities, Treasury bills and negotiable certificates of deposit, bonds and other "Fixed Income" securities (whether fixed- or floating-rate) and equities and other variable-income securities.

In accordance with CRC standard 2005-01, securities are classified as "Trading account securities", "Securities available for sale", "Equity securities available for sale in the medium term", "Debt securities held to maturity", "Equity securities held for long-term investment", or "Investments in subsidiaries and affiliates".

When a credit risk has occurred, Fixed Income securities held in the "Available for sale" or "Held to maturity" portfolio are classified as doubtful, based on the same criteria as those applied to doubtful loans and commitments.

When securities exposed to counterparty risk are classified as doubtful and the related provision can be separately identified, the corresponding charge is included in "Cost of risk".

Trading account securities

"Trading account securities" are securities bought or sold with the intention of selling them or repurchasing them in the near future, as well as those held as a result of market-making activities. These securities are valued individually at market value if they meet the following criteria:

- they can be traded on an active market (i.e., a market where third parties have continuous access to market prices through a securities exchange, brokers, traders, or market-makers);
- the market prices reflect actual, regularly-occurring transactions taking place under normal competition conditions.

"Trading account securities" also include securities bought or sold for specific asset-management objectives (especially in terms of sensitivity) for trading books comprised of forward financial instruments, securities, or other financial instruments taken globally.

Changes in the market value of these securities are recognised in income. "Trading account securities" cannot be reclassified into another category and must follow the valuation rules for this category until they are sold, fully redeemed, or recognised as a loss and consequently removed from the balance sheet.

In the case of exceptional circumstances necessitating a change in investment strategy, "Trading account securities" can be reclassified as "Securities available for sale" or "Debt securities held to maturity" depending on the new strategy.

If fixed income securities classified as "Trading account securities" can no longer be traded on an active market, and if the Bank has the intention and ability to hold these securities for the foreseeable future or until maturity, they can be reclassified as "Securities available for sale" or "Debt securities held to maturity".

The accounting rules for the new category would apply to reclassified securities as of the reclassification date.

If the market in which securities classified as "Trading account securities" were purchased can no longer be considered active, the securities will be valued using methods that take into account the new market conditions.

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Securities available for sale

The "Securities available for sale" category includes securities not classified into one of the other categories.

Bonds and other fixed income securities are valued at the lower of cost (excluding accrued interest) or probable market prices, which is generally determined on the basis of stock market prices. Accrued interest is posted to the profit and loss account under "Interest income on bonds and other Fixed Income securities".

The difference between cost and the redemption price of fixed income securities purchased on the secondary market is recognised in income using the actuarial method. In the balance sheet, their carrying amount is amortised to their redemption value over their remaining life.

Equities are valued at the lower of cost and probable market value, which is generally determined on the basis of stock market prices, for listed equities, or BNP Paribas SA's share in net assets calculated on the basis of the most recent financial statements available, for unlisted equities. Dividends received are recognised in income under "Income on equities and other variable income instruments" on a cash basis.

The cost of securities available for sale that have been sold is determined on a first in, first out (FIFO) basis. Disposal gains or losses, and additions to and reversals of lower of cost and market provisions are reflected in the profit and loss account under "Gains (losses) on securities available for sale".

In the case of exceptional circumstances necessitating a change in investment strategy, or if the securities can no longer be traded on an active market, securities classified as "Securities available for sale" may be reclassified as "Debt securities held to maturity" and must be identified within this portfolio. These securities would then be recognised according to the method used for "Debt securities held to maturity".

Equity securities available for sale in the medium term

"Equity securities available for sale in the medium term" comprise investments made for portfolio management purposes, with the aim of realising a profit in the medium term without investing on a long-term basis in the development of the issuer's business. This category includes venture capital investments.

"Equity securities available for sale in the medium term" are recorded individually at the lower of cost and fair value. Fair value takes into account the issuer's general business outlook and the planned holding period. The fair value of listed stocks corresponds primarily to the average stock market price determined over a one-month period.

Debt securities held to maturity

Fixed Income securities with a specified maturity (mainly bonds, interbank market securities, Treasury bills, and other negotiable debt securities) are recorded under "Debt securities held to maturity" to reflect BNP Paribas SA's intention of holding them to maturity.

Bonds classified under this heading are financed by matching funds or hedged against interest-rate exposure for their remaining lives.

The difference between cost and the redemption price of these securities is recognised in income using the actuarial method. On the balance sheet, their carrying amount is amortised to their redemption value over their maturity.

Interest on debt securities held to maturity is recorded in the profit and loss account under "Interest income on bonds and other Fixed Income securities".

An impairment is recognised when a decline in the credit standing of an issuer jeopardises redemption at maturity.

If a significant portion of the "Debt securities held to maturity" is sold or reclassified into a different category, the sold or reclassified securities cannot be returned to the "Debt securities held to maturity" category at any time during the current financial period or the following two financial years. All the securities classified as "Debt securities held to maturity" would then be reclassified as "Equity securities available for sale in the medium term".

If exceptional market circumstances necessitate a change in investment strategy, and "Trading account securities" and "Securities available for sale" are reclassified as "Debt securities held to maturity", the sale of any "Debt securities held to maturity" prior to the maturity date would not invoke the reclassification clauses in the above paragraph if the sale occurred because the securities had once again become tradable on an active market.

Equity securities held for long-term investment, investments in subsidiaries and affiliates

Investments in non-consolidated undertakings include investments in affiliates in which BNP Paribas SA exercises significant influence over management and investments considered strategic to BNP Paribas SA's business development. This influence is deemed to exist when BNP Paribas SA holds an ownership interest of at least 10%.

Equity securities held for long-term investment are shares and related instruments that BNP Paribas SA intends to hold on a long-term basis in order to earn a satisfactory long-term rate of return without taking an active part in the management of the issuing company, but with the intention of promoting the development of lasting business relationships by creating special ties with the issuer.

Other participating interests consist of shares and other variable income investments in companies over which BNP Paribas SA has exclusive control (i.e., companies that could be fully incorporated into the Group).

These types of securities are recorded individually at the lower of cost and fair value. Fair value is determined on the basis of available information using a multi-criteria valuation approach, including discounted future cash flows, sum-of-the-digits and net asset value methods as well as an analysis of ratios commonly used to assess future yields and exit opportunities for each line of securities. The fair value of listed securities is considered to be at least equal to cost if the stock market price at period-end is no more than 20% below cost and the stock market price has not been below cost for the preceding 12 consecutive months. If these conditions are not met, and if a multi-criteria valuation shows that an impairment should be recognised on the carrying amount, the fair value is considered to be equal to the stock market price. The same holds true if the stock market price is less than cost for 24 consecutive months, the closing stock market price is less than 50% of cost, or the average price over a 12-month period is more than 30% lower than cost. For simplicity, listed securities acquired for less than EUR 10 million may be valued on the basis of the average closing stock market price.

Disposal gains and losses and provision movements are recorded in the profit and loss account under "Net gain (loss) on disposals of fixed assets".

Dividends are recorded under "Income from variable-income securities" when they have been declared by the issuers' shareholders or if the shareholders' decision is unknown, when they are received.

Treasury shares

Treasury shares held by BNP Paribas SA are classified and valued as follows:

- treasury shares purchased under a market-making agreement or acquired in connection with index arbitrage transactions are recorded under "Trading account securities" at market price;
- treasury shares held for allocation to employees are recorded under "Securities available for sale".

  Pursuant to CRC Regulation 2008-17 dated 30 December 2008, treasury shares held for allocation to employees are valued according to the procedure set forth in CRC Regulation 2008-15 concerning the recognition of stock options and share awards. Under CRC Regulation 2008-15, such treasury shares are not impaired, but a provision is recognised for these shares based on the services provided by the employees who will receive the shares. The portion of shares granted to employees of BNP Paribas SA subsidiaries is charged to the subsidiaries over the vesting period;
- treasury shares that are intended to be cancelled or that are not being held for either of the above reasons are included in long-term investments. Treasury shares intended to be cancelled are stated at cost; all others are stated at the lower of cost and fair value.

FIXED ASSETS

Buildings and equipment are stated at acquisition cost or at the adjusted value determined in accordance with France's approbation laws of 1977 and 1978. Revaluation differences on non-depreciable assets, recorded at the time of these statutory revaluations, are included in share capital.

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

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

Subsequent to initial recognition, fixed assets are measured at cost less accumulated depreciation or amortisation and any impairment losses.

Fixed assets are depreciated or amortised using the straight-line method over the useful life of the asset. Depreciation and amortisation expense is recognised in the profit and loss account under "Depreciation, amortisation, and provisions on tangible and intangible assets".

The portion of recognised depreciation or amortisation that exceeds the economic amount or amortisation calculated on a straight-line basis is recorded in the balance sheet as a liability under "Regulatory provisions: accelerated depreciation and amortisation". BNP Paribas SA does not calculate the deferred tax effects of accelerated depreciation and amortisation.

When an asset consists of a number of components that may require replacement at regular intervals or that have different uses or different patterns of consumption of economic benefits, each component is recognised separately and depreciated using a method appropriate to that component. BNP Paribas SA has adopted the component-based approach for property used in operations.

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

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

Depreciable fixed assets are tested for impairment if there is an indication of potential impairment at the balance sheet date. Non-depreciable assets are tested for impairment annually.

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

Gains and losses on disposals of property, plant and equipment, and intangible assets used in operations are recognised in the profit and loss account under "Net gain (loss) on disposals of fixed assets".

AMOUNTS DUE TO CREDIT INSTITUTIONS AND CUSTOMERS

Amounts due to credit institutions are classified into demand accounts, time deposits and borrowings. Customer deposits are classified into regulated savings accounts and other customer deposits. These sections include securities and other assets sold under repurchase agreements. Accrued interest is recorded on a separate line.

DEBT SECURITIES

Debt securities are broken down between retail certificates of deposit, interbank market securities, negotiable certificates of deposit, bonds and other debt instruments. This section does not include subordinated notes which are recorded under "Subordinated debt".

Accrued interest on debt securities is recorded on a separate line of the balance sheet and is debited to the profit and loss account.

Bond issue and redemption premiums are amortised using the yield-to-maturity method over the life of the bonds. Bond issuance costs are amortised using the straight-line method over the life of the bonds.

PROVISIONS FOR INTERNATIONAL COMMITMENTS

Provisions for international commitments are based on the evaluation of non-transfer risk related to the future solvency of each of the countries at risk and on the systemic credit risk incurred by debtors in the event of a constant and durable deterioration in the overall situation and economies of these countries. Additions and reversals of these provisions are reflected in the profit and loss account under "Cost of risk".

PROVISIONS FOR ITEMS NOT RELATED TO BANKING TRANSACTIONS

BNP Paribas SA records provisions for clearly identified contingencies and charges of uncertain timing or amount. In accordance with current regulations, these provisions for items not related to banking transactions may be recorded only if the Bank has an obligation to a third party at year-end, there is a high probability of an outflow of resources to the third party, and no equivalent economic benefits are expected in return from the third party.

COST OF RISK

The "Cost of risk" line item includes expenses arising from the identification of counterparty risks, litigation, and fraud inherent to banking transactions conducted with third parties. Net movements in provisions that do not fall under the category of such risks are classified in the profit and loss account according to their type.

FORWARD FINANCIAL INSTRUMENTS

Forward financial instruments are purchased on various markets for use as specific or general hedges of assets and liabilities, or for transaction purposes.

The Bank's commitments related to these instruments are recognised off-balance sheet at nominal value. The accounting treatment of these instruments depends on the corresponding investment strategy.

Derivatives held for hedging purposes

Income and expenses related to forward derivatives held for hedging purposes and designated to one instrument or a group of homogeneous instruments are recognised in income symmetrically with the income and expenses on the underlying instrument, and under the same heading.

Income and expenses related to forward financial instruments used to hedge overall interest rate risk are recognised in income on a pro rata basis.

Derivatives held for trading purposes

Derivatives held for trading purposes can be traded on organised markets or over-the-counter.

Derivatives held within a trading book are valued at market value on the balance sheet date. The corresponding gains and losses (realised and unrealised) are recognised in income under "Gains (losses) on trading account securities".

The market value is determined from either:

- the listed price, if one is available;
- or a valuation method using recognised financial models and theories with parameters calculated from transaction prices observed on active markets, or from statistical or other quantitative methods.

In both cases, BNP Paribas SA makes conservative value adjustments to account for modelling, counterparty, and liquidity risks.

Some complex derivatives, which are typically custom-made from combined instruments and highly illiquid, are valued using models where certain parameters are not observable on an active market.

Until 31 December 2004, the Bank recognised gains from trading these complex derivatives immediately in income.

However, on 1 January 2005, the Bank began recognising these gains in income over the period during which the valuation parameters are expected to be unobservable. If, during this period, the parameters do become observable or a justifiable valuation can be obtained by comparison with recent, similar transactions on an active market, the remaining unrecognised gains are recognised directly in income.

Other derivatives transactions

Depending on the nature of the instruments, gains and losses on over-the-counter contracts representing isolated open positions are recognised in income when the contracts are settled or on a pro rata basis. A provision for unrealised losses is recognised for each group of homogeneous contracts.

CORPORATE INCOME TAX

A charge for corporate income tax is taken in the period in which the related taxable income and expenses are booked, regardless of the period in which the tax is actually paid. BNP Paribas SA recognises deferred tax for all temporary differences between the book value of assets and liabilities and their tax basis according to the liability method. Recognition of deferred tax assets depends on the probability of recovery.

EMPLOYEE PROFIT-SHARING

As required by French law, BNP Paribas SA recognises employee profit-sharing in the year in which the employee entitlement arises and reports the amount under "Salaries and employee benefit expenses" in the profit and loss account.

EMPLOYEE BENEFITS

BNP Paribas SA employees receive each of the following four types of benefits:

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

Termination benefits

Termination benefits are employee benefits payable as a result of a decision by BNP Paribas SA to terminate a contract of employment before the legal retirement age or by an employee to accept voluntary redundancy in exchange for a benefit. Termination benefits due more than 12 months after the closing date are discounted.

Short-term benefits

BNP Paribas SA recognises an expense when it has used services rendered by employees in exchange for employee benefits.

Long-term benefits

Long-term benefits are benefits (other than post-employment benefits and termination benefits) which do not fall wholly due within 12 months after the end of the period in which the employee renders the associated services. The actuarial techniques used are similar to those used for defined benefit post-employment benefits, except that actuarial gains and losses are recognised immediately, as are the effects of any plan amendments.

This relates in particular to cash compensation deferred for more than 12 months, which is accrued in the financial statements for the period during which the employee provides the corresponding services. If the payment of this deferred variable compensation is subject to the employee's continued presence at the vesting date, the services are presumed to have been rendered during the vesting period and the corresponding compensation expense is recognised on a pro rata basis over that period. The expense is recognised under salaries and employee benefit expenses, with a corresponding liability in the balance sheet. It is revised to take account of any non-fulfilment of the continued presence or performance conditions and changes in the BNP Paribas share price.

If there is no continued presence condition, the expense is not deferred but recognised immediately with a corresponding liability in the balance sheet, which is then revised on each reporting date until settlement, to account for any performance conditions and changes in the BNP Paribas share price.

Post-employment benefits

The post-employment benefits provided to BNP Paribas SA employees in France include both defined-contribution plans and defined-benefit plans.

Defined contribution plans, such as Caisse Nationale d'Assurance Vieillesse and supplemental national and trade union plans that pay pensions to former BNP Paribas SA employees in France, do not give rise to an obligation for BNP Paribas SA and consequently do not require a provision. The amount of employer's contributions payable during the period is recognised as an expense.

Only defined benefit plans, such as the retirement packages paid for by BNP Paribas SA's retirement fund, give rise to an obligation for BNP Paribas SA. This obligation must be measured and recognised as a liability by means of a provision.

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

Post-employment benefit obligations under defined benefit plans are measured using actuarial techniques that take into account demographic and financial assumptions. The amount of the obligation recognised as a liability is measured on the basis of the actuarial assumptions applied by BNP Paribas SA, using the projected unit credit method. This method takes into account of various parameters such as demographic assumptions, the probability that employees will leave before retirement age, salary inflation, a discount rate, and the general inflation rate. The value of any plan assets is deducted from the amount of the obligation.

The amount of the obligation under a plan, and the value of the plan assets, may show significant fluctuations from one period to the next due to changes in actuarial assumptions, thereby giving rise to actuarial gains and losses. BNP Paribas SA applies the corridor method to account for actuarial gains and losses. Under this method, BNP Paribas SA is allowed to recognise, as from the following period and over the average remaining service lives of employees, only that portion of actuarial gains and losses that exceeds the greater of (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.

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

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

RECOGNITION OF REVENUE AND EXPENSES

Interest and fees and commissions qualified as interest are recognised on an accrual basis and include the commissions charged by the Bank as part of an overall loan package (i.e., application fees, commitment fees, participation fees, etc.). The marginal transaction costs that the Bank must pay when granting or acquiring loans are also spread out over the effective life of the corresponding loan.

Fees and commissions not qualified as interest that relate to the provision of services are recognised when the service is performed or, for ongoing services, on a prorated basis over the length of the service agreement.

FOREIGN CURRENCY TRANSACTIONS

Foreign exchange positions are generally valued at the official year-end exchange rate. Exchange gains and losses on transactions in foreign currency carried out in the normal course of business are recognised in the profit and loss account.

Exchange differences arising from the conversion of assets held on a long-term basis, including equity securities held for long-term investment, the capital made available to branches, and other foreign equity investments denominated in foreign currencies and financed in euros, are recognised as translation adjustments for the balance sheet line items recording the assets.

Exchange differences arising from the conversion of assets held on a long-term basis, including equity securities held for long-term investment, the capital made available to branches, and other foreign equity investments, denominated and financed in foreign currencies, are recognised symmetrically as translation differences for the corresponding financing.

FOREIGN CURRENCY TRANSLATION

Monetary and non-monetary foreign currency-denominated assets and liabilities of foreign branches are translated into euros at the year-end exchange rate. Translation adjustments regarding the capital made available to BNP Paribas SA branches outside of France are included in "Accrued income" and "Accrued expenses".

Note 2. HIGHLIGHTS

Greece, Ireland and Portugal saw a substantial deterioration in their public finances because of poor economic conditions and the financial crisis. This gradually caused investors to shun these countries' sovereign debt, which prevented them from raising the resources needed to finance their public-sector deficits.

In response, eurozone member-states devised a solidarity policy that prompted them, alongside the International Monetary Fund, to set up a support system. This resulted in several support packages, first for Greece, then for Ireland and Portugal.

In the second half of 2011 it was realised that Greece would struggle to meet the economic targets on which the 21 July plan was based, particularly in regards to the sustainability of its debt. This led to another agreement in principle on 26 October. This plan, which was clarified and supplemented by an agreement dated 21 February 2012, is based on private-sector bondholders waiving 53.5% of Greece's debts to them.

BNP Paribas has estimated the risk of loss on its Greek bonds at 75%, almost identical to the average discount applied by the market to these bonds at 31 December 2011. This figure is based on (1) a 53.5% debt waiver, (2) 15% of debt being immediately repaid through 2-year European Financial Stability Facility (EFSF) securities paying interest at the market rate, (3) accrued interest being paid through 6-month EFSF bonds paying interest at the market rate, (4) a coupon of 2% from 2012 to 2015, 3% from 2015 to 2020 and 4.3% until 2042 on the securities maturing in 2023-2042 to be received in exchange for existing Greek bonds and (5) a discount rate of 12% applied to future cash flows.

The carrying value of Greek bonds was EUR 768 million at 31 December 2011. The loss with respect to 2011, recorded under cost of risk, was EUR 1,281 million after the bonds were reclassified as debt securities held to maturity on 30 June 2011 (see note 3.d).

Note 3. NOTES TO THE 2011 PROFIT AND LOSS ACCOUNT

3.a NET INTEREST INCOME

BNP Paribas SA includes in "Interest income" and "Interest expense" all income and expenses from financial instruments measured at amortised cost and from financial instruments measured at fair value that do not meet the definition of a derivative instrument. The change in fair value on financial instruments at fair value through profit or loss (excluding accrued interest) is recognised under "Gains (losses) on trading account securities".

Interest income and expense on derivatives accounted for as fair value hedges are included with the revenues generated by the hedged item.

In millions of euros	2011		2010	
	Income	Expenses	Income	Expenses
Credit institutions	**6,559**	**(5,665)**	**5,682**	**(4,878)**
Demand accounts, loans, and borrowings	5,286	(4,491)	4,912	(3,901)
Securities under repurchase agreements	1,149	(1,174)	683	(977)
Subordinated loans	124		87	
Customer items	**9,757**	**(3,709)**	**9,092**	**(4,187)**
Demand accounts, loans, and term accounts	9,359	(3,119)	8,860	(3,861)
Securities given/received under repurchase agreements	369	(590)	200	(326)
Subordinated loans	29		32	
Finance leases	**15**	**(11)**	**19**	**(17)**
Debt securities	**1,691**	**(6,039)**	**873**	**(4,491)**
Bonds and other fixed-income securities	**5,405**		**5,850**	
Trading account securities	1,245		1,453	
Securities available for sale	3,976		3,941	
Debt securities held to maturity	184		456	
Macro-hedging instruments		**(1,269)**		**(1,688)**
TOTAL INTEREST INCOME AND EXPENSES	**23,427**	**(16,693)**	**21,516**	**(15,261)**

3.b INCOME ON EQUITIES AND OTHER VARIABLE INCOME INSTRUMENTS

In millions of euros	2011	2010
Securities available for sale	41	63
Investments in subsidiaries and equity securities held for long-term investment	248	278
Affiliates	2,337	1,455
TOTAL INCOME ON EQUITIES AND OTHER VARIABLE INSTRUMENTS	**2,626**	**1,796**

3.c COMMISSIONS

In millions of euros	2011		2010	
	Income	Expenses	Income	Expenses
Commissions on banking and financing transactions	**2,905**	**(613)**	**2,472**	**(797)**
Customer items	1,929	(121)	2,011	(134)
Other	976	(492)	461	(663)
Commissions on financial services	**2,629**	**(192)**	**2,406**	**(250)**
TOTAL COMMISSION INCOME AND EXPENSES	**5,534**	**(805)**	**4,878**	**(1,047)**

3.d COST OF RISK AND PROVISION FOR CREDIT RISKS

Cost of risk represents the net amount of impairment losses recognised with respect to credit risks inherent to BNP Paribas SA's banking intermediation activities, plus any impairment losses in the case of known counterparty risk on over-the-counter instruments.

In millions of euros	2011	2010
Net additions to or write-backs from provisions	**(1,864)**	**(1,188)**
Customer items and credit institutions	(391)	(954)
Off-balance sheet commitments	(95)	(114)
Securities	(1,347)	(25)
of which Greek sovereign debt(1)	*(1,281)*	
Doubtful loans	25	37
Financial instruments for market activities	(56)	(132)
Irrecoverable loans not covered by provisions	**(107)**	**(145)**
Recoveries of loans written-off	**48**	**44**
COST OF RISK	**(1,923)**	**(1,289)**

(1) *The charge relating to Greek sovereign debt is the result of additional provisions, taking the total to 75% of the nominal value of these bonds, recorded on the date these securities were reclassified as debt securities held to maturity.*

In millions of euros	2011	2010
Balance at 1 January	**9,217**	**7,837**
Net additions and reversals to provisions	1,864	1,188
Write-offs during the period covered by provisions	(1,324)	(968)
Effect of movements in exchange rates and other	1,120	1,160
TOTAL PROVISION FOR CREDIT RISKS	**10,877**	**9,217**

The following table gives a breakdown of the provisions for credit risk:

In millions of euros	2011	2010
Provisions deducted from assets	**10,016**	**8,354**
For amounts due from credit institutions *(note 4.a)*	469	653
For amounts due from customers *(note 4.b)*	6,721	6,876
For leasing transactions	6	4
For securities	2,322	326
of which Greek sovereign debt	*1,849*	
For financial instruments for market activities	498	495
Provisions recognised as liabilities *(note 4.j)*	**861**	**863**
For off-balance sheet commitments	813	720
For doubtful loans	48	144
TOTAL PROVISION FOR CREDIT RISKS	**10,877**	**9,217**

3.e NET GAIN (LOSS) ON DISPOSALS OF LONG-TERM INVESTMENTS

In millions of euros	2011		2010	
	Income	Expenses	Income	Expenses
Investments in subsidiaries and equity securities held for long-term investment	**314**	**(840)**	**391**	**(771)**
Divestments	249	(72)	48	(52)
Provisions	65	(768)	343	(719)
Investments in affiliates	**1,993**	**(450)**	**1,186**	**(550)**
Divestments	1,768	(89)	1,068	(3)
Provisions	225	(361)	118	(547)
Operating assets	**13**	**(61)**	**90**	**(2)**
TOTAL	**2,320**	**(1,351)**	**1,667**	**(1,323)**
NET GAIN ON DISPOSALS OF LONG-TERM INVESTMENTS	**969**		**343**	

3.f CORPORATE INCOME TAX

In millions of euros	2011	2010
Current tax expense	127	(291)
Deferred tax expense	173	173
TOTAL CORPORATE INCOME TAX EXPENSE	**300**	**(118)**

Note 4. NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2011

4.a AMOUNTS DUE FROM AND DUE TO CREDIT INSTITUTIONS

In millions of euros, at	31 December 2011	31 December 2010
Loans and receivables	**215,020**	**216,268**
Demand accounts	15,595	8,069
Term accounts and loans	192,945	202,779
Subordinated loans	6,480	5,420
Securities received under repurchase agreements	**97,317**	**121,085**
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS BEFORE IMPAIRMENT	**312,337**	**337,353**
Of which accrued interest	*1,223*	*1,040*
Impairment on receivables due from credit institutions *(note 3.d)*	**(469)**	**(653)**
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AFTER IMPAIRMENT	**311,868**	**336,700**

In millions of euros, at	31 December 2011	31 December 2010
Deposits and borrowings	**238,386**	**229,498**
Demand deposits	15,861	18,058
Term accounts and borrowings	222,525	211,440
Securities given under repurchase agreements	**113,094**	**135,935**
DUE TO CREDIT INSTITUTIONS	**351,480**	**365,432**
Of which accrued interest	*1,320*	*985*

4.b CUSTOMER ITEMS

In millions of euros, at	31 December 2011	31 December 2010
Loans and receivables	**299,449**	**322,274**
Commercial and industrial loans	1,952	2,286
Demand accounts	10,897	10,823
Short-term loans	63,600	66,652
Mortgages	72,879	69,742
Equipment loans	52,452	51,117
Export loans	17,120	17,175
Other customer loans	77,847	101,260
Subordinated loans	2,702	3,220
Securities received under repurchase agreements	**41,965**	**50,374**
TOTAL CUSTOMER ITEMS BEFORE IMPAIRMENT – ASSETS	**341,414**	**372,648**
Of which accrued interest	*748*	*694*
Of which loans eligible for refinancing by the Banque de France	*169*	*236*
Of which doubtful loans	*4,188*	*5,137*
Of which irrecoverable loans	*5,546*	*5,339*
Of which restructured loans	*28*	*53*
Impairment on receivables due from customers *(note 3.d)*	**(6,722)**	**(6,876)**
TOTAL CUSTOMER ITEMS AFTER IMPAIRMENT – ASSETS	**334,692**	**365,772**

The following table gives the loans and receivables due from customers by counterparty.

	31 December 2011			31 December 2010		
In millions of euros, at	Sound loans	Doubtful loans net of provisions	Total	Sound loans	Doubtful loans net of provisions	Total
Financial institutions	9,328	674	10,002	9,838	766	10,604
Companies	189,561	2,245	191,806	215,256	3,282	218,538
Entrepreneurs	16,087	656	16,743	12,666	344	13,010
Individuals	66,423	998	67,421	63,952	773	64,725
Other non-financial customers	6,742	13	6,755	8,513	8	8,521
TOTAL LOANS AND RECEIVABLES NET OF IMPAIRMENT	**288,141**	**4,586**	**292,727**	**310,225**	**5,173**	**315,398**

In millions of euros, at	31 December 2011	31 December 2010
Deposits	**230,966**	**263,618**
Demand deposits	71,685	69,584
Term deposits	107,882	147,864
Regulated savings accounts	51,399	46,170
Of which demand regulated savings accounts	*38,312*	*33,726*
Securities given under repurchase agreements	**52,362**	**60,760**
CUSTOMER ITEMS – LIABILITIES	**283,328**	**324,378**
Of which accrued interest	*947*	*871*

4.c SECURITIES HELD BY BNP PARIBAS SA

In millions of euros, at	31 December 2011		31 December 2010	
	Net carrying amount	Market value	Net carrying amount	Market value
Trading account securities	79,888	79,888	78,345	78,345
Securities available for sale	35,525	36,131	54,715	54,853
Of which provisions	*(1,048)*		*(1,414)*	
Debt securities held to maturity	1,115	1,030	3,172	3,299
Of which provisions	*(1,849)*			
TOTAL TREASURY BILLS AND MONEY-MARKET INSTRUMENTS	**116,528**	**117,049**	**136,232**	**136,497**
Of which receivables corresponding to loaned securities	*25,968*		*15,883*	
Of which goodwill	*1,205*		*1,159*	
Trading account securities	68,210	68,210	71,386	71,386
Securities available for sale	24,108	24,906	19,642	20,269
Of which provisions	*(825)*		*(972)*	
Debt securities held to maturity	3,699	3,951	4,788	4,942
Of which provisions	(113)		(144)	
TOTAL BONDS AND OTHER FIXED-INCOME SECURITIES	**96,017**	**97,067**	**95,816**	**96,597**
Of which unlisted securities	*7,419*	*7,155*	*12,648*	*12,998*
Of which accrued interest	*1,283*		*1,624*	
Of which receivables corresponding to loaned securities	*10,226*		*2,579*	
Of which goodwill	*(130)*		*(92)*	
Trading account securities	611	611	6,519	6,519
Securities available for sale	1,930	2,243	2,198	2,383
Of which provisions	*(383)*		*(248)*	
TOTAL EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	**2,541**	**2,854**	**8,717**	**8,902**
Of which unlisted securities	*1,835*	*2,121*	*2,306*	*2,460*
Of which receivables corresponding to loaned securities	*49*		*2,639*	
Investments in subsidiaries	4,488	5,582	4,210	5,667
Of which provisions	*(1,382)*		*(940)*	
Equity securities held for long-term investment	369	423	714	821
Of which provisions	*(135)*		*(120)*	
TOTAL INVESTMENTS IN SUBSIDIARIES AND EQUITY SECURITIES HELD FOR LONG-TERM INVESTMENT	**4,857**	**6,005**	**4,924**	**6,488**
Of which unlisted securities	*1,591*	*2,665*	*1,698*	*2,930*
Affiliates	53,698	78,407	55,266	83,412
Of which provisions	*(1,900)*		*(1,809)*	
TOTAL AFFILIATES	**53,698**	**78,407**	**55,266**	**83,412**

BNP Paribas SA's equity investments and affiliate interests in credit institutions totalled EUR 1,915 million and EUR 27,336 million, respectively, at 31 December 2011, compared with EUR 1,983 million and EUR 27,461 million, respectively, at 31 December 2010.

4.d TREASURY SHARES

In millions of euros, at	31 December 2011		31 December 2010
	Gross value	Carrying amount	Carrying amount
Trading account securities	7	7	7
Securities available for sale	112	110	0
Investments in non-consolidated undertakings	439	439	61
TOTAL TREASURY SHARES	**558**	**556**	**68**

The fifth resolution of the Shareholders' General Meeting of 11 May 2011, which replaced the fifth resolution of the Shareholders' General Meeting of 12 May 2010, authorised BNP Paribas to buy back shares representing up to 10% of the Bank's issued capital at a maximum purchase price of EUR 75 per share (the same as previously). The shares could be acquired for the following purposes: for subsequent cancellation in accordance with conditions set by the Shareholders' General Meeting of 11 May 2011, to fulfil the Bank's obligations relative to the issue of shares or share equivalents, for stock option plans, for share awards, or for granting or selling shares to employees under an employee profit-sharing plan, employee share ownership plan or corporate savings plan and to cover any type of share award to the employees of BNP Paribas and companies controlled exclusively by BNP Paribas within the meaning of article L.233-16 of the French Commercial Code; to be held in treasury for subsequent remittance in exchange or payment for acquisitions, mergers, spin-offs or asset transfers; within the scope of a market-making agreement compliant with the Code of Ethics recognised by the AMF; or for asset and financial management purposes.

This authorisation was granted for a period of 18 months.

At 31 December 2011, BNP Paribas SA held 13,028,609 treasury shares classified as "equity securities held for long-term investment" and intended to be cancelled.

As of 31 December 2011, BNP Paribas SA held 2,675,925 treasury shares classified as "securities available for sale" and intended to be used for share awards to Group employees, granted or sold as part of an employee profit-sharing plan, employee share ownership plan, or Company Savings Plan.

Under the Bank's market-making agreement with Exane BNP Paribas relating to BNP Paribas shares in the Italian market, BNP Paribas SA owned 229,587 BNP Paribas shares classified as trading account securities at 31 December 2011. This market-making agreement is consistent with the Code of Ethics recognised by the AMF.

4.e LONG-TERM INVESTMENTS

In millions of euros	Gross value					Provisions					Carrying amount	
	1 jan. 2011	Purchases	Disposals and redemptions	Transfers and other movements	31 dec. 2011	1 jan. 2011	Additions	Write-backs	Other movements	31 dec. 2011	31 dec. 2011	31 dec. 2010
Debt securities held to maturity *(note 4.c)*	8,108	177	(4,460)	2,951[a]	6,776	144	1,281	(379)	916[a]	1,962	4,814	7,960
Investments in subsidiaries and equity securities held for long-term investment *(note 4.c)*	5,982	339	(436)	489	6,374	1,058	520	(57)	(4)	1,517	4,857	4,924
Affiliates *(note 4.c)*	57,075	3,305	(3,680)	(1,101)[b]	55,599	1,810	322	(291)	60	1,901	53,698	55,266
Treasury shares *(note 4.d)*	61	378	-		439						439	61
TOTAL LONG-TERM INVESTMENTS	**71,226**	**4,199**	**(8,576)**	**2,339**	**69,188**	**3,012**	**2,123**	**(727)**	**972**	**5,380**	**63,809**	**68,212**

(a) Transfers relating to debt securities held to maturity relate mainly to the reclassification of Greek sovereign bonds into this category, involving a gross value of EUR 2,999 million and EUR 914 million of provisions.

(b) Transfers and other changes in affiliates include the cancellation of shares in combined companies or companies involved in a complete transfer of assets in an amount of EUR (2,001) million in 2011, along with the initial value of securities held by these companies in an amount of EUR 764 million.

Under CRC Regulation 2008-17 dated 10 December 2008, financial instruments initially held for trading or available for sale can be reclassified as debt securities held to maturity.

These reclassifications are summarised in the table below:

In millions of euros	Reclassification date	Amount on the reclassification date	31 December 2011		31 December 2010	
			Carrying value	Market or model value	Carrying value	Market or model value
Sovereign bonds reclassified out of the "available for sale" portfolio						
To debt securities held to maturity (Greek sovereign bonds)	30 June 2011	2,085	768	699		
Financial assets reclassified out of the trading portfolio						
To debt securities held to maturity	1 October 2008	4,404	1,322	1,266	1,860	1,870
To debt securities held to maturity	30 June 2009	2,760	1,821	1,793	2,372	2,378

The following table shows the profit and loss items related to the reclassified assets, both as they were recorded during the period and as they would have been recorded if the reclassification had not taken place.

In millions of euros	2011				2010	
	Actual			Pro forma for the period after reclassification(1)	Actual	Pro forma for the period after reclassification(1)
	Before reclassification	After reclassification	Total			
Profit and loss items (before tax)	**372**	**(1,008)**	**(636)**	**(749)**	**217**	**240**
Revenues	**372**	**215**	**587**	**532**	**224**	**240**
Of which Greek sovereign bonds	372	102	477	477		
Of which other fixed-income securities		110	110	55	224	240
Gains (losses) on disposals of long-term investments		**24**	**24**		**(4)**	
Of which other fixed-income securities		24	24		(4)	
Cost of risk		**(1,247)**	**(1,247)**	**(1,281)**	**(3)**	
Of which Greek sovereign bonds		(1,281)	(1,281)	(1,281)		
Of which other fixed-income securities		34	34		(3)	

(1) Pro forma figures show what the contribution to profit in the period would have been if the instruments concerned had not been reclassified..

4.f DEBT SECURITIES

In millions of euros, at	31 December 2011	31 December 2010
Negotiable debt securities	138,592	169,779
Bond issues	5,384	3,405
Other debt securities	504	762
TOTAL DEBT SECURITIES	**144,480**	**173,946**
Of which unamortised premiums	*1,084*	*776*

➤ BOND ISSUES

The following table gives the contractual maturity schedule for bonds issued by BNP Paribas SA as of 31 December 2011.

In millions of euros	Outstanding at 31/12/2011	2012	2013	2014	2015	2016	2017 to 2021	After 2021
Bond issues	5,384	738	738	335	1,903	911	698	61

4.g OTHER ASSETS AND LIABILITIES

In millions of euros, at	31 December 2011	31 December 2010
Options purchased	204,751	160,925
Settlement accounts related to securities transactions	3,402	3,607
Deferred tax assets	2,135	1,768
Miscellaneous assets	37,500	23,333
TOTAL OTHER ASSETS	**247,788**	**189,633**
Options sold	199,495	156,344
Settlement accounts related to securities transactions	2,282	3,431
Liabilities related to securities transactions	128,344	110,847
Deferred tax liabilities	269	44
Miscellaneous liabilities(1)	32,773	24,338
TOTAL OTHER LIABILITIES	**363,163**	**295,004**

(1) BNP Paribas' accounts payable in continental France amounted to EUR 5.7 million at 31 December 2011 versus EUR 22.8 million at 31 December 2010. The breakdown of BNP Paribas' accounts payable in continental France by maturity shows that 81.4% were less than 60 days old.

4.h ACCRUED INCOME AND EXPENSES

In millions of euros, at	31 December 2011	31 December 2010
Remeasurement of currency instruments and derivatives	59,303	48,261
Accrued income	11,784	8,865
Collection accounts	473	2,764
Other accrued income	13,219	13,300
TOTAL ACCRUED INCOME	**84,779**	**73,190**
Remeasurement of currency instruments and derivatives	63,981	46,647
Accrued expenses	12,372	10,785
Collection accounts	801	748
Other accrued expenses	8,060	2,599
TOTAL ACCRUED EXPENSES	**85,214**	**60,779**

4.i OPERATING ASSETS

	31 December 2011			31 December 2010
In millions of euros, at	Gross value	Dep., amort. and provisions	Carrying amount	Carrying amount
Software	2,052	(1,455)	597	520
Other intangible assets	5,661	(33)	5,628	5,604
TOTAL INTANGIBLE ASSETS	**7,713**	**(1,488)**	**6,225**	**6,124**
Land and buildings	2,321	(696)	1,625	1,496
Equipment, furniture and fixtures	2,106	(1,634)	472	453
Other property, plant, and equipment	107	-	107	236
TOTAL TANGIBLE ASSETS	**4,534**	**(2,330)**	**2,204**	**2,185**

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4.j PROVISIONS

In millions of euros, at	31 December 2010	Additions	Reversals	Other movements	31 December 2011
Provision for employee benefit obligations	566	171	(90)	40	687
Provision for doubtful loans *(note 3.d)*	144	10	(29)	(78)	48
Provision for off-balance sheet commitments *(note 3.d)*	720	176	(93)	10	813
Other provisions					
■ for banking transactions	751	657	(79)	3	1,332
■ for non-banking transactions	889	235	(70)	11	1,065
PROVISIONS	**3,070**	**1,249**	**(360)**	**(14)**	**3,945**

PROVISIONS FOR RISKS ON REGULATED SAVINGS PRODUCTS

In millions of euros, at	31 December 2011	31 December 2010
Deposits collected under home savings accounts and plans	14,699	14,171
Of which for home savings plans	11,846	11,400
Aged more than 10 years	*5,897*	*3,764*
Aged between 4 and 10 years	*3,290*	*5,752*
Aged less than 4 years	*2,659*	*1,884*
Outstanding loans granted under home savings accounts and plans	438	515
Of which for home savings plans	96	126
Provisions for home savings accounts and plans	243	226
Of which for home savings plans	224	203
Aged more than 10 years	*65*	*67*
Aged between 4 and 10 years	*91*	*102*
Aged less than 4 years	*68*	*34*

CHANGE IN PROVISIONS FOR REGULATED SAVINGS PRODUCTS

	2011		2010	
In millions of euros	Provisions for home savings plans	Provisions for home savings accounts	Provisions for home savings plans	Provisions for home savings accounts
Total provisions at start of period	203	23	165	36
Additions to provisions during the period	21	-	37	-
Provision reversals during the period	-	(4)	-	(12)
Total provisions at end of period	224	19	203	23

4.k SUBORDINATED DEBT

In millions of euros, at	31 December 2011	31 December 2010
Redeemable subordinated debt	**7,705**	**11,079**
Undated subordinated debt	**8,765**	**9,925**
Undated Super Subordinated Notes	7,081	7,750
Undated Floating-Rate Subordinated Notes	1,454	1,947
Undated Participating Subordinated Notes	230	228
Related debt	**72**	**79**
TOTAL SUBORDINATED DEBT	**16,542**	**21,083**

Redeemable subordinated debt

The redeemable subordinated debt issued by the Group is in the form of medium and long-term debt securities equivalent to ordinary subordinated debt; these issues are redeemable prior to the contractual maturity date in the event of liquidation of the issuer, and rank after the other creditors but before holders of participating loans and participating subordinated notes.

These debt issues may contain a call provision authorising the Group to redeem the securities prior to maturity by repurchasing them in the stock market, via a public tender or exchange offers, or (in the case of private placements) over the counter, subject to regulatory approval.

Debt issued by BNP Paribas SA via placements in the international markets may be subject to early redemption of the capital and early payment of interest due at maturity at the issuer's discretion on or after a date stipulated in the issue particulars (call option), or in the event that changes in the applicable tax rules oblige the BNP Paribas Group issuer to compensate debt-holders for the consequences of such changes. Redemption may be subject to a notice period of between 15 and 60 days and is subject to approval by the banking supervisory authorities.

In the fourth quarter of 2011, the Group made a public offer to exchange redeemable subordinated debt eligible as Tier 2 capital for new BNP Paribas senior debt. This transaction reduced outstanding redeemable subordinated debt by EUR 1,433 million.

In addition, two subordinated debt lines were redeemed early in the fourth quarter of 2011 under a call option, in accordance with the date specified in the issue notice. These transactions reduced outstanding redeemable subordinated debt by EUR 1,729 million.

The following table gives the maturity schedule for redeemable subordinated debt as of 31 December 2011.

In millions of euros	Outstanding at 31/12/2011	2012	2013	2014	2015	2016	2017 to 2021	After 2021
Redeemable subordinated debt	7,705	1,856	680	363	556	286	810	3,154

Undated subordinated debt

Undated Super Subordinated Notes

Since 2005, BNP Paribas SA has carried out 19 issues of Undated Super Subordinated Notes representing a total amount of EUR 7,081 million. The notes pay a fixed- or floating-rate coupon and are redeemable at the end of a fixed period and thereafter at each coupon date. Some of these notes will pay a coupon indexed to Euribor or Libor if they are not redeemed at the end of this period.

Fortis Banque France, which was absorbed by BNP Paribas SA on 12 May 2010, carried out a EUR 60 million issue of Undated Super Subordinated Notes in December 2007. These notes paid a variable-rate coupon, and were redeemed early on 23 May 2011.

In the fourth quarter of 2011, the following transactions were carried out in relation to Undated Super Subordinated Notes:

- a public offer to exchange USD notes issued in June 2005 for new BNP Paribas senior debt. This transaction reduced outstanding debt by USD 280 million.
- a public offer to buy EUR notes issued in April 2006, GBP notes issued in July 2006 and EUR notes issued in April 2007. This transaction reduced the amounts outstanding on these issues by EUR 201 million, GBP 162 million and EUR 112 million respectively.

CHARACTERISTICS OF UNDATED SUPER SUBORDINATED NOTES

Issue date	Currency	Amount (in millions)	Coupon frequency	Rate and term before 1st call date		Rate after 1st call date	31 December 2011	31 December 2010
June 2005	USD	1,070	Half-yearly	5.186%	10 years	USD 3-month Libor +1.680%	826	1,010
October 2005	EUR	1,000	Yearly	4.875%	6 years	4.875%	1,000	1,000
October 2005	USD	400	Yearly	6.25%	6 years	6.25%	309	299
April 2006	EUR	549	Yearly	4.73%	10 years	3-month Euribor +1.690%	549	750
April 2006	GBP	450	Yearly	5.945%	10 years	GBP 3-month Libor +1.130%	539	525
July 2006	EUR	150	Yearly	5.45%	20 years	3-month Euribor +1.920%	150	150
July 2006	GBP	163	Yearly	5.945%	10 years	GBP 3-month Libor +1.810%	195	379
April 2007	EUR	638	Yearly	5.019%	10 years	3-month Euribor +1.720%	638	750
June 2007	USD	600	Quarterly	6.5%	5 years	6.5%	463	449
June 2007	USD	1,100	Half-yearly	7.195%	30 years	USD 3-month Libor +1.290%	849	823
October 2007	GBP	200	Yearly	7.436%	10 years	GBP 3-month Libor +1.850%	239	233
December 2007	EUR	60	Quarterly	3-month Euribor +2.880%	10 years	3-month Euribor +3.880%	-	60
June 2008	EUR	500	Yearly	7.781%	10 years	3-month Euribor +3.750%	500	500
September 2008	EUR	650	Yearly	8.667%	5 years	3-month Euribor +4.050%	650	650
September 2008	EUR	100	Yearly	7.57%	10 years	3-month Euribor +3.925%	100	100
December 2009	EUR	2	Quarterly	3-month Euribor +3.750%	10 years	3-month Euribor +4.750%	2	2
December 2009	EUR	17	Yearly	7.028%	10 years	3-month Euribor +4.750%	17	17
December 2009	USD	70	Quarterly	USD 3-month Libor +3.750%	10 years	USD 3-month Libor +4.750%	54	52
December 2009	USD	0,5	Yearly	7.384%	10 years	USD 3-month Libor +4.750%	1	1
TOTAL UNDATED SUPER SUBORDINATED NOTES							**7,081**	**7,750**

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 securities similar to Undated Super Subordinated Notes shares in the previous year. Unpaid interest is not carried forward.

The contracts relating to these Undated Super Subordinated Notes contain a loss absorption clause. Under the terms of this clause, in the event of insufficient regulatory capital , which is not fully offset by a capital increase or any other equivalent measure, the nominal value of the notes may be reduced in order to serve as a new basis for the calculation of the related coupons until the capital deficiency is made up and the nominal value of the notes is increased to its original amount. However, in the event of the liquidation of BNP Paribas, the amount due to the holders of these notes will represent their original nominal value irrespective of whether or not their nominal value has been reduced.

Undated Floating-Rate Subordinated Notes

The Undated Floating-Rate Subordinated Notes (TSDIs) and other Undated Subordinated Notes issued by BNP Paribas are redeemable on liquidation of the Bank after repayment of all other debts but ahead of Undated Participating Subordinated Notes. They confer no rights over residual assets.

Characteristics of Undated Floating-Rate Subordinated Notes:

Issue date	Currency	Amount *(in millions)*	Rate and term before 1st call date		Rate after 1st call date	31 December 2011	31 December 2010
October 1985	EUR	305	TMO -0.25%	-	-	254	254
September 1986	USD	500	6-month Libor +0.75%	-	-	211	205
October 2001	EUR	500	6.625%	10 years	3-month Euribor +2.6%	-	500
January 2002	EUR	660	6.342%	10 years	3-month Euribor +2.33%	660	660
January 2003	EUR	328	5.868%	10 years	3-month Euribor +2.48%	329	328
UNDATED FLOATING-RATE SUBORDINATED NOTES						**1,454**	**1,947**

Payment of interest is obligatory on the TSDIs issued in October 1985 (representing a nominal amount of EUR 305 million), but the Board of Directors may postpone interest payments if the Ordinary Shareholders' General Meeting notes that there is no income available for distribution in the twelve months preceding the interest payment date. Interest is cumulative and becomes payable in full when the bank resumes dividend payments.

Payment of interest is obligatory on the TSDIs issued in September 1986 (representing a nominal amount of USD 500 million), but the Board of Directors may postpone interest payments if the Ordinary Shareholders' General Meeting approves a decision not to pay a dividend in the twelve months preceding the interest payment date. Interest is cumulative and becomes payable in full when the bank resumes dividend payments. The bank may resume the payment of past interest even if dividend payments have not resumed.

The other TSDIs contain a specific call option provision, whereby they may be redeemed at par prior to maturity at the issuer's discretion at any time after a date specified in the issue agreements, after approval of the banking regulators. They are not subject to any interest step-up clause. Payment of interest is obligatory, but the Board of Directors may postpone interest payments if the Ordinary Shareholders' General Meeting decides not to pay a dividend in the twelve months preceding the interest payment date.

Undated participating subordinated notes

Undated participating subordinated notes issued by BNP Paribas SA between 1984 and 1988 in a total amount of EUR 337 million are redeemable only in the event of the liquidation of BNP Paribas SA, but may be retired on the terms specified in the French act of 3 January 1983. Under this option, 434,267 notes of the 2,212,761 notes originally issued were retired and subsequently cancelled between 2004 and 2007.

Note 5. FINANCING AND GUARANTEE COMMITMENTS

5.a FINANCING COMMITMENTS

In millions of euros, at	31 December 2011	31 December 2010
Credit institutions	**38,024**	**53,700**
Customers	**133,688**	**156,559**
Confirmed letters of credit	77,412	87,209
Other commitments given to customers	56,276	69,350
TOTAL FINANCING COMMITMENTS GIVEN	**171,712**	**210,259**
Credit institutions	**64,726**	**81,886**
Customers	**8,994**	**23,380**
TOTAL FINANCING COMMITMENTS RECEIVED	**73,720**	**105,266**

5.b GUARANTEE COMMITMENTS

In millions of euros, at	31 December 2011	31 December 2010
Credit institutions	**33,053**	**37,207**
Customers	**108,828**	**104,726**
TOTAL GUARANTEE COMMITMENTS GIVEN	**141,881**	**141,933**
Credit institutions	**69,350**	**61,901**
Customers	**180,922**	**123,540**
TOTAL GUARANTEE COMMITMENTS RECEIVED	**250,272**	**185,441**

5.c FINANCIAL INSTRUMENTS GIVEN AND RECEIVED AS GUARANTEES

➤ FINANCIAL INSTRUMENTS GIVEN AS COLLATERAL

In millions of euros, at	31 December 2011	31 December 2010
Financial instruments (negotiable securities and private receivables) deposited with central banks and eligible for use at any time as collateral for refinancing transactions	**58,919**	**74,301**
■ Used as collateral with central banks	34,669	15,623
■ Available for refinancing transactions	24,250	58,678
Other financial assets pledged as collateral for transactions with banks and financial customers	**67,432**	**65,483**

At 31 December 2011, the Bank had EUR 58,919 million of financial instruments (negotiable securities and private receivables) deposited or pledged with central banks for use at any time as collateral for refinancing transactions (vs. EUR 74,301 million at 31 December 2010). This amount includes EUR 43,379 million deposited with the Banque de France (vs. EUR 50,154 million at 31 December 2010) under the Banque de France's comprehensive collateral management system to cover Eurosystem monetary policy transactions and intraday loans. At 31 December 2011 the Bank had used as collateral EUR 34,669 million of the amount deposited with central banks (vs. EUR 15,623 million at 31 December 2010), including EUR 29,726 million of the amount deposited with the Banque de France (vs. EUR 7,000 million at 31 December 2010).

The other assets that the Bank has pledged as collateral with credit institutions and financial customers totalled EUR 46,715 million at 31 December 2011 (vs. EUR 45,916 million at 31 December 2010), and include financing for BNPP HL Covered Bonds, Société de Financement de l'Économie Française, and Caisse de Refinancement de l'Habitat.

➤ FINANCIAL INSTRUMENTS RECEIVED AS COLLATERAL

In millions of euros, at	31 December 2011	31 December 2010
FINANCIAL INSTRUMENTS RECEIVED AS COLLATERAL	**27,321**	**27,025**

Note 6. SALARIES AND EMPLOYEE BENEFITS

6.a SALARIES AND EMPLOYEE BENEFIT EXPENSES

In millions of euros	2011	2010
Salaries	(3,500)	(3,788)
Tax and social security charges	(1,635)	(1,479)
Employee profit-sharing and incentive plans	(189)	(250)
TOTAL SALARIES AND EMPLOYEE BENEFIT EXPENSES	**(5,324)**	**(5,517)**

The following table gives the breakdown of BNP Paribas SA's employees.

Headcount, at	31 December 2011	31 December 2010
Employees in Metropolitan France	40,258	39,523
Of which managers	*22,335*	*21,319*
Employees outside Metropolitan France	9,526	10,148
TOTAL BNP PARIBAS SA EMPLOYEES	**49,784**	**49,671**

6.b EMPLOYEE BENEFIT OBLIGATIONS

Post-employment benefits under defined contribution plans

In France, BNP Paribas SA pays contributions to various nationwide basic and top-up pension plans. BNP Paribas SA has set up a funded pension plan under a company-wide agreement. Under this plan, employees will receive an annuity upon retirement, in addition to the pension paid by nationwide plans.

In the rest of the world, defined benefit plans have been closed to new employees in most of the countries in which the Group operates (primarily the United States, the United Kingdom, Hong Kong, Ireland, Norway and Australia). These employees are now offered defined contribution plans. Under these plans, the Group's obligation is essentially limited to paying a percentage of the employee's annual salary into the plan.

The amount paid into defined contribution post-employment plans in France and other countries for the year to 31 December 2011 was EUR 243 million, compared with EUR 232 million for the year to 31 December 2010.

Post-employment benefits under defined-benefit plans

Existing legacy defined-benefit plans within BNP Paribas SA are valued independently using actuarial techniques by applying the projected unit cost method in order to determine the expense arising from rights vested in employees and benefits payable to retired employees. The demographic and financial assumptions used to estimate the present value of these obligations and of plan assets take into account economic conditions specific to each country. 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 totalled EUR 447 million at 31 December 2011 (against EUR 319 million at 31 December 2010), comprised of EUR 308 million for French plans and EUR 139 million for other plans.

The surplus value of the Bank's obligations under the corresponding retirement plans totalled EUR 101 million at 31 December 2011, up from EUR 35 million at 31 December 2010.

Pension plans and other post-employment benefits

Pension plans

In France, BNP Paribas SA pays a supplemental banking industry pension arising from rights acquired until 31 December 1993 by former employees in retirement at that date and active employees in service at that date. These residual pension obligations are covered by a provision in the BNP Paribas SA's financial statements or transferred to an insurance company.

The defined benefit plans previously granted to BNP Paribas SA executives formerly employed by BNP Paribas or Compagnie Bancaire have all been closed and converted into top-up type plans. The amounts allocated to the beneficiaries, subject to their still being with BNP Paribas SA at retirement, were fixed when the previous plans were closed. These pension plans have been contracted out to insurance companies. The fair value of the related plan assets on these insurance companies' balance sheets consists of 84% bonds, 7.7% equities, and 8.3% property assets.

In BNP Paribas SA's foreign branches, pension plans are based either on pensions linked to the employee's final salary and length of service (United Kingdom), or on annual vesting of rights to a capital sum expressed as a percentage of annual salary and paying interest at a pre-defined rate (United States). In Hong Kong, certain staff benefit from a defined contribution pension plan with a guaranteed minimum return for which the employer is responsible. This plan is closed to new entrants. As a result of this guaranteed return, this plan is classified as a defined benefit plan.

Some plans are managed by independent fund managers (United Kingdom). As of 31 December 2011, 84% of the gross obligations under these plans related to seven plans in the United Kingdom, United States and Hong Kong. The fair value of the related plan assets was split as follows: 33% equities, 54% bonds, and 13% other financial instruments.

Other post-employment benefits

BNP Paribas SA employees also receive various other contractual post-employment benefits such as bonuses payable on retirement. BNP Paribas SA' obligations for these bonuses in France are funded through a contract taken out with an insurance company independent of BNP Paribas SA.

Post-employment healthcare plans

In France, BNP Paribas SA no longer has any obligations in relation to healthcare benefits for its retired employees.

Among BNP Paribas SA's foreign branches, there are several healthcare benefit plans for retired employees, mainly in the United States. Provisions for obligations under these plans amounted to EUR 8 million at 31 December 2011, compared to EUR 9 million at 31 December 2010.

Obligations under post-employment healthcare benefit plans are measured using the mortality tables applicable in each country. They also build in assumptions about healthcare benefit costs, including forecast trends in the cost of healthcare services and in inflation, which are derived from historical data.

Termination benefits

In France, BNP Paribas is encouraging voluntary redundancy among employees who meet certain eligibility criteria. The obligations to eligible active employees under such plans are provided for when the plan is the subject of an agreement or a bilateral draft agreement.

In addition, as part of the balance sheet reduction plan that started in the second half of 2011, a workforce adjustment plan was implemented, particularly in the Corporate and Investment Banking business line. EUR 107 million of provisions were set aside at 31 December 2011 to cover this plan.

Note 7. ADDITIONAL INFORMATION

7.a CHANGES IN SHARE CAPITAL

Resolutions of the Shareholders' General Meeting valid for 2011

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 2011:

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2011
Shareholders' General Meeting of 21 May 2008 (21st resolution)	Authorisation to award shares for no consideration to employees and corporate officers of BNP Paribas and related companies. *The shares awarded may be existing shares or new shares to be issued and may not exceed 1.5% of BNP Paribas' share capital on the date that the Board of Directors decided the award, i.e. less than 0.5% a year.* *This authorisation was granted for a period of 38 months and was nullified by the 15th resolution of the Shareholders' General Meeting of 11 May 2011.*	1,040,450 free shares awarded at the Board meeting of 4 March 2011
Shareholders' General Meeting of 21 May 2008 (22nd resolution)	Authorisation to grant stock subscription or purchase options to corporate officers and certain employees. *The number of options granted may not exceed 3% of BNP Paribas' share capital on the date that the Board of Directors decided the award, 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 and was nullified by the 16th resolution of the Shareholders' General Meeting of 11 May 2011.*	2,296,820 stock subscription options granted at the Board meeting of 4 March 2011
Shareholders' General Meeting of 12 May 2010 (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 shares making up the share capital. *Said acquisitions of shares at a price not exceeding EUR 75 would be intended to fulfil several objectives, notably including:* - *honouring obligations arising from the issue of share equivalents, stock option programmes, the award of free shares, the award or sale of shares to employees in connection with the employee profit-sharing scheme, employee share ownership plans or corporate savings plans;* - *cancelling shares following authorisation by the Shareholders' General Meeting of 12 May 2010 (20th resolution);* - *covering any allocation of shares to the employees of BNP Paribas and companies exclusively controlled by BNP Paribas within the meaning of Article L.233-16 of the French Commercial Code, for retention or remittance in exchange or payment for external growth transactions, mergers, spin-offs or asset contributions,* - *in connection with a market-making agreement complying with the Autorité des Marchés Financiers' Code of Ethics ;* - *for asset and financial management purposes.* *This authorisation was granted for a period of 18 months and was nullified by the 5th resolution of the Shareholders' General Meeting of 11 May 2011.*	Under the market-making agreement, 1,319,710 shares with a par value of EUR 2 were acquired and 1,295,795 shares with a par value of EUR 2 were sold between 1 January 2011 and 10 May 2011
Shareholders' General Meeting of 12 May 2010 (12th resolution)	Authorisation to issue ordinary shares and share equivalents with pre-emptive rights for existing shareholders maintained. *The par value of the capital increases that may be carried out immediately and/or in the future by virtue of this authorisation may not exceed EUR 1 billion (representing 500 million shares).* *The par value of any debt instruments 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.*	This authorisation was not used during the period

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2011
Shareholders' General Meeting of 12 May 2010 (13th resolution)	Authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders waived, and a priority subscription period granted. *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.*	This authorisation was not used during the period
Shareholders' General Meeting of 12 May 2010 (14th resolution)	Authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders waived, in consideration for securities tendered to public exchange offer. *The par value of the capital increases that may be carried out on one or more occasions by virtue of this authorisation may not exceed EUR 350 million.* *This authorisation was granted for a period of 26 months.*	This authorisation was not used during the period
Shareholders' General Meeting of 12 May 2010 (15th resolution)	Authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders waived, in consideration for securities tendered to contributions of unlisted shares (up to a maximum of 10% of the capital). *The par value of the capital increases that may be carried out on one or more occasions by virtue of this authorisation may not exceed 10% of the number of shares comprising the issued capital of BNP Paribas on the date of the decision by the Board of Directors.* *This authorisation was granted for a period of 26 months.*	This authorisation was not used during the period
Shareholders' General Meeting of 12 May 2010 (16th resolution)	Blanket limit on authorisations to issue shares with pre-emptive rights for existing shareholders waived. *The maximum par value of all issues made with pre-emptive rights for existing shareholders waived by virtue of the authorisations granted under the 13th to 15th resolutions of the Shareholders' General Meeting of 12 May 2010 may not exceed EUR 350 million for shares immediately and/or in the future and EUR 7 billion for debt instruments.*	Not applicable
Shareholders' General Meeting of 12 May 2010 (17th resolution)	Issue of shares to be paid up by capitalising income, retained earnings or additional paid-in capital. *Authorisation was given to increase the issued capital within the limit of a maximum par value of EUR 1 billion on one or more occasions, by capitalising all or part of the retained earnings, profits or additional paid-in capital, successively or simultaneously, through the issuance and award of free ordinary shares, through an increase in the par value of existing shares, or through a combination of these two methods.* *This authorisation was granted for a period of 26 months.*	This authorisation was not used during the period
Shareholders' General Meeting of 12 May 2010 (18th resolution)	Blanket limit on authorisations to issue shares with or without pre-emptive rights for existing shareholders. *The maximum par value of all issues made with or without pre-emptive rights for existing shareholders by virtue of the authorisations granted under the 12th to 15th resolutions of the Shareholders' General Meeting of 12 May 2010 may not exceed EUR 1 billion for shares immediately and/or in the future and EUR 10 billion for debt instruments.*	Not applicable
Shareholders' General Meeting of 12 May 2010 (19th resolution)	Authorisation granted to the Board of Directors to carry out transactions reserved for members of the BNP Paribas Group's Corporate Savings Plan in the form of new share issues and/or sales of reserved shares. *Authorisation was given to increase the share capital within the limit of a maximum par value of EUR 46 million on one or more occasions by issuing ordinary shares, with pre-emptive rights for existing shareholders waived, reserved for members of the BNP Paribas Group's Corporate Savings Plan.* *This autorisation was granted for a period of 26 months.*	6,315,653 new shares with a par value of EUR 2 issued on 13 July 2011

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2011
Shareholders' General Meeting of 12 May 2010 (20th resolution)	Authorisation to reduce the share capital by cancelling shares. *Authorisation was given to cancel on one or more occasions through a reduction in the share capital all or some of the shares that BNP Paribas holds and that it may come to hold, provided that the number of shares cancelled in any 24-month period does not exceed 10% of the total number of shares in issue on the transaction date.* Full powers were delegated to complete the capital reduction and deduct the difference between the purchase cost of the cancelled shares and their par value from additional paid-in capital and reserves available for distribution, including from the legal reserve in respect of up to 10% of the capital cancelled. *This authorisation was granted for a period of 18 months and was nullified by the 17th resolution of the Shareholders' General Meeting of 11 May 2011.*	This authorisation was not used during the period
Shareholders' General Meeting of 11 May 2011 (5th resolution)	Authorisation given to the Board of Directors to set up a share buyback programme for the Company until it holds at most 10% of the shares making up the share capital. *Said acquisitions of shares at a price not exceeding EUR 75 (identical to the previous resolution) would be intended to fulfil several objectives, notably including:* - *honouring obligations arising from the issue of share equivalents, stock option programmes, the award of free shares, the award or sale of shares to employees in connection with the employee profit-sharing scheme, employee share ownership plans or corporate savings plans;* - *cancelling shares following authorisation by the Shareholders' General Meeting of 11 May 2011 (17th resolution of the Shareholders' General Meeting of 11 May 2011);* - *covering any allocation of shares to the employees and corporate officers of BNP Paribas and companies exclusively controlled by BNP Paribas within the meaning of Article L.233-16 of the French Commercial Code, for retention or remittance in exchange or payment for external growth transactions, mergers, spin-offs or asset contributions, in connection with a market-making agreement complying with the Autorité des Marchés Financiers' Code of Ethics, for asset and financial management purposes.* *This authorisation was granted for a period of 18 months and replaces that given by the 5th resolution of the Shareholders' General Meeting of 12 May 2010.*	Excluding the market-making agreement, 14,684,591 shares with a par value of EUR 2 were purchased in August and September 2011. Under the market-making agreement, 1,290,651 shares with a par value of EUR 2 were acquired and 1,234,575 shares with a par value of EUR 2 were sold between 11 May 2011 and 31 December 2011
Shareholders' General Meeting of 11 May 2011 (15th resolution)	Authorisation to allot performance shares to the Group's employees and corporate officers. *The shares awarded may be existing shares or new shares to be issued and may not exceed 1.5% of BNP Paribas' share capital, i.e. less than 0.5% a year.* *This authorisation was granted for a period of 38 months and replaces that given by the 21st resolution of the Shareholders' General Meeting of 21 May 2008.*	This authorisation was not used during the period
Shareholders' General Meeting of 11 May 2011 (16th resolution)	Authorisation to grant stock subscription or purchase options to corporate officers and certain employees. *The number of options granted may not exceed 3% of BNP Paribas' share capital, i.e. less than 1% a year. This is a blanket limit covering both the 15th and 16th resolutions of the Shareholders' General Meeting of 11 May 2011.* *This authorisation was granted for a period of 38 months and replaces that given by the 22nd resolution of the Shareholders' General Meeting of 21 May 2008.*	This authorisation was not used during the period
Shareholders' General Meeting of 11 May 2011 (17th resolution)	Authorisation granted to the Board of Directors to reduce the share capital by cancelling shares. *Authorisation was given to cancel on one or more occasions through a reduction in the share capital all or some of the shares that BNP Paribas holds and that it may come to hold, provided that the number of shares cancelled in any 24-month period does not exceed 10% of the total number of shares at the issue date.* *Full powers were delegated to complete the capital reduction and deduct the difference between the purchase cost of the cancelled shares and their par value from additional paid-in capital and reserves available for distribution, including from the legal reserve in respect of up to 10% of the capital cancelled.* *This authorisation was granted for a period of 18 months and replaces that given by the 20th resolution of the Shareholders' General Meeting of 12 May 2010.*	This authorisation was not used during the period

SHARE CAPITAL TRANSACTIONS

Operations affecting share capital	Number of shares	Par value (in euros)	In euros	Date of authorisation by Shareholders' Meeting	Date of decision by Board of Directors	Date from which shares carry dividend rights
NUMBER OF SHARES OUTSTANDING AT 31 DECEMBER 2009	**1,185,281,764**	**2**	**2,370,563,528**			
Increase in share capital by exercise of stock subscription options	595,215	2	1,190,430	(1)	(1)	1 January 2009
Increase in share capital by exercise of stock subscription options	522,529	2	1,045,058	(1)	(1)	1 January 2010
Capital decrease	(600,000)	2	(1,200,000)	13 May 2009	5 March 2010	
Capital increase arising on the merger of Fortis Bank France	354	2	708	12 May 2010	12 May 2010	1 January 2010
Capital increase arising on the payment of a stock dividend	9,160,218	2	18,320,436	12 May 2010	12 May 2010	1 January 2010
Capital increase reserved for members of the Company Savings Plan	3,700,076	2	7,400,152	12 May 2010	12 May 2010	1 January 2010
NUMBER OF SHARES OUTSTANDING AT 31 DECEMBER 2010	**1,198,660,156**	**2**	**2,397,320,312**			
Increase in share capital by exercise of stock subscription options	2,736,124	2	5,472,248	(1)	(1)	1 January 2010
Increase in share capital by exercise of stock subscription options	34,053	2	68,106	(1)	(1)	1 January 2011
Capital increase reserved for members of the Company Savings Plan	6,315,653	2	12,631,306	12 May 2010	11 May 2011	1 January 2011
NUMBER OF SHARES OUTSTANDING AT 31 DECEMBER 2011	**1,207,745,986**	**2**	**2,415,491,972**			

(1) *Various resolutions voted in the Shareholders' General Meetings and decisions of the Board of Directors authorising the granting of stock subscription options that were exercised during the period.*

7.b STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 31 DECEMBER 2009 TO 31 DECEMBER 2011

In millions of euros	Share capital	Additional paid-in capital	Retained earnings and net income for the period	Total shareholders' equity
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2009	**2,371**	**21,331**	**26,843**	**50,545**
Dividend payout for 2009	18	402	(1,776)	(1,356)
Capital increases	9	191	3	203
Capital reductions (by cancellation of shares)	(1)	(39)		(40)
Other changes		(35)	(12)	(47)
Net income for 2010			3,465	3,465
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2010	**2,397**	**21,850**	**28,523**	**52,770**
Dividend payout for 2010			(2,521)	(2,521)
Capital increases	18	375	2	395
Other changes			2	2
Net income for 2011			3,466	3,466
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2011	**2,415**	**22,225**	**29,472**	**54,112**

7.c NOTIONAL AMOUNTS OF FORWARD FINANCIAL INSTRUMENTS

The notional amounts of derivative instruments are merely an indication of the volume of BNP Paribas SA's activities in financial instrument markets, and do not reflect the market risks associated with such instruments.

Trading portfolio

In millions of euros, at	31 December 2011	31 December 2010
Currency derivatives	2,179,487	1,973,422
Interest rate derivatives	39,870,124	37,120,905
Credit derivatives	1,749,540	1,825,489
Equity derivatives	2,331,624	2,384,781
Commodity derivatives	87,781	88,124
Other derivatives	21	3
TOTAL FORWARD FINANCIAL INSTRUMENTS IN THE TRADING PORTFOLIO	**46,218,577**	**43,392,724**

Financial instruments traded on organised markets accounted for 47% of the Bank's derivatives transactions at 31 December 2011 (vs. 44% at 31 December 2010).

Hedging strategy

The total notional amount of derivatives used for hedging purposes stood at EUR 695,497 million at 31 December 2011, compared with EUR 502,412 million at 31 December 2010.

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

Market value

The market value of the Bank's negative net position on firm transactions was approximately EUR 4,950 million at 31 December 2011, compared with a positive net position of EUR 1,500 million at 31 December 2010. The market value of the Bank's net long position on options was approximately EUR 5,000 million at 31 December 2011, compared with EUR 3,100 million at 31 December 2010.

7.d SEGMENT INFORMATION

The following table gives a regional breakdown of BNP Paribas SA's interbank transactions and customer items recognised on the balance sheet.

	Interbank transactions		Customer and leasing transactions		Total by region	
In millions of euros, at	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010
France	326,517	336,431	227,635	239,552	554,152	575,983
Other countries in the European Economic Area	90,321	99,431	55,584	63,275	145,905	162,706
Countries in the Americas and Asia	51,548	57,948	48,165	58,415	99,713	116,363
Other countries	1,399	2,575	3,374	4,625	4,773	7,199
TOTAL USES OF FUNDS	**469,785**	**496,385**	**334,758**	**365,867**	**804,543**	**862,252**
France	290,993	254,311	189,058	179,210	480,051	433,522
Other countries in the European Economic Area	33,902	49,714	61,044	94,024	94,946	143,738
Countries in the Americas and Asia	25,017	56,805	28,327	46,870	53,344	103,675
Other countries	2,512	6,316	4,899	4,273	7,411	10,589
TOTAL SOURCES OF FUNDS	**352,424**	**367,146**	**283,328**	**324,378**	**635,752**	**691,524**

86% of BNP Paribas SA's revenues in 2011 came from counterparties in the European Economic Area, the same as in 2010.

7.e SCHEDULE OF SOURCES AND USES OF FUNDS

In millions of euros	Demand and overnight transactions	Term remaining					
		Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Of which provisions	Total
Uses of funds							
Cash and amounts due from central banks and post office banks	40,496	893					**41,389**
Treasury bills and money-market instruments	218	52,729	8,242	26,594	28,745	(1,048)	**116,528**
Due from credit institutions	9,186	184,311	30,905	57,979	29,487	(469)	**311,868**
Customer and leasing transactions	19,347	99,401	31,356	96,978	87,676	(6,727)	**334,758**
Bonds and other fixed-income securities	4,386	29,546	12,888	25,218	23,979	(2,788)	**96,017**
Sources of funds							
Amounts due to credit institutions, central banks, and post office banks	29,251	214,930	24,917	64,939	18,387		**352,424**
Customer items	45,756	185,877	22,861	21,873	6,961		**283,328**
Debt securities other than bonds and other debt securities *(note 4.f)*	703	56,917	24,635	39,759	22,466		**144,480**

7.f UNCOOPERATIVE STATES AND TERRITORIES

Authorisation from the Group's Compliance Department must be obtained through a special procedure before BNP Paribas SA or Group subsidiaries that report to BNP Paribas SA can set up a site in a state considered "uncooperative" as defined by article 238-0 A of the French General Tax Code. In accordance with BNP Paribas' "best interests" principle, and to ensure that the Group's internal control mechanisms are applied consistently, these sites are subject to the Group's regulations on risk management, money laundering, corruption, financial embargoes, and terrorism financing.

Company name	Ownership interest (%)	Legal form	Type of license	Business activity
Brunei				
BNP Paribas Asset Management (B) SDN BHD	90.55	SDN BHD (Private Limited Company)	Investment Advisor License	Asset management
Panama				
BNP Paribas – Panama branch	100.00	Sucursal	Banking license	Inactive – being deregistered
BNP Paribas (Panama) SA	99.68	Sociedad anonima	-	Inactive – in liquidation
BNP Paribas Wealth Management – Panama branch	100.00	Sucursal	Banking license	Inactive – being deregistered
Philippines				
BNP Paribas – Manila branch	100.00	Branch	Offshore banking license	Commercial bank

6.2 Appropriation of income and dividend distribution for the year ended 31 December 2011

The Board of Directors will propose the followings income and dividend distribution for the 2011 financial year at the Annual General Meeting of 23 May 2012.

In millions of euros	
Net income	3,466
Unappropriated retained earnings	16,748
TOTAL INCOME TO BE APPROPRIATED	**20,214**
Dividend	1,449
Retained earnings	18,765
TOTAL APPROPRIATED INCOME	**20,214**

The total proposed dividend to be paid to BNP Paribas Shareholders is EUR 1,449 million, which corresponds to EUR 1.20 per share (with a par value of EUR 2.00) based on the number of shares in issue at 31 January 2012.

6.3 BNP Paribas SA five-year financial summary

	2007	2008	2009	2010	2011
Share capital at year-end					
■ Share capital (in euros)	1,810,520,616	1,824,192,214	2,370,563,528	2,397,320,312	2,415,491,972
■ Number of common shares in issue	905,260,308	912,096,107	1,185,281,764	1,198,660,156	1,207,745,986
■ Number of convertible bonds in issue	None	None	None	None	None
Results of operations for the year *(in millions of euros)*					
■ Total revenues, excluding VAT	47,028	48,642	33,104	28,426	31,033
■ Earnings before taxes, depreciation, amortisation and provisions	5,257	3,400	7,581	7,193	7,366
■ Income tax expense	285	1,201	(540)	(118)	300
■ Earnings after taxes, depreciation, amortisation and provisions	4,532	715	4,009	3,465	3,466
■ Total dividend payout(1)	3,034	912	1,778	2,518	1,449
Earnings per share					
■ Earnings after taxes but before depreciation, amortisation, and provisions	6.12	5.04	5.94	5.90	6.35
■ Earnings after taxes, depreciation, amortisation and provisions	5.00	0.78	3.38	2.89	2.87
■ Dividend per share(1)	3.35	1.00	1.50	2.10	1.20
Employee data					
■ Number of employees at year-end	47,466	47,443	46,801	49,671	49,784
■ Total payroll expense (in millions of euros)	3,554	3,112	3,812	3,977	3,829
■ Total social security and employee benefit charges (in millions of euros)	1,106	1,053	1,750	1,141	1,212

(1) Subject to approval from the Shareholder's General Meeting of 23 May 2012.

6.4 Subsidiaries and associated companies of BNP Paribas SA at 31 December 2011

NAME	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	Interest held by BNP Paribas SA
		In millions of the currency unit			in %
I - Detailed information about subsidiaries and associated companies whose book value exceeds 1% of BNP Paribas SA's share capital					
1. Subsidiaries (more than 50%-owned)					
ANTIN PARTICIPATION 5	EUR	170	12	5	100.00%
ANTIN PARTICIPATION 8	EUR	62	(10)	1	100.00%
AUSTIN FINANCE	EUR	799	175	46	92.00%
BANCA NAZIONALE DEL LAVORO SPA	EUR	2,077	2,630	148	100.00%
BANCO BNP PARIBAS BRASIL SA	BRL	506	573	241	84.10%
BANCWEST CORPORATION	USD	1	7,755	101	98.74%
BGL BNP PARIBAS	EUR	713	4,651	230	15.96%
BNL INTERNATIONAL INVESTMENT SA	EUR	110	307	6	100.00%
BNP INTERCONTINENTALE	EUR	31	4	0	100.00%
BNP PARIBAS CARDIF (formerly BNP PARIBAS ASSURANCE)	EUR	1,000	3,962	151	100.00%
BNP PARIBAS BDDI PARTICIPATIONS	EUR	46	84	41	100.00%
BNP PARIBAS CANADA	CAD	533	294	45	100.00%
BNP PARIBAS (CHINA) LTD	USD	653	165	91	100.00%
BNP PARIBAS COLOMBIA CORPORACION FINANCIERA S.A.	COP	103,721	0	(7,860)	94.00%
BNP PARIBAS COMMODITY FUTURES LTD	USD	75	116	29	100.00%
BNP PARIBAS DEVELOPPEMENT SA	EUR	101	326	27	100.00%
BNP PARIBAS SAE	EGP	1,700	65	216	95.19%
BNP PARIBAS EL DJAZAIR	DZD	10,000	5,273	5,008	84.17%
BNP PARIBAS EQUITIES FRANCE	EUR	6	20	2	99.96%
BNP PARIBAS ESPANA SA	EUR	52	34	(7)	99.62%
BNP PARIBAS FACTOR	EUR	3	24	17	100.00%
BNP PARIBAS FACTOR PORTUGAL	EUR	13	68	4	64.26%
BNP PARIBAS HOME LOAN SFH (formerly BNP PARIBAS HOME LOAN COVERED BONDS)	EUR	225	2	1	100.00%
BNP PARIBAS INVESTMENT PARTNERS	EUR	23	2,498	7	66.67%
BNP PARIBAS IRELAND	EUR	902	458	(30)	100.00%
BNP PARIBAS LEASE GROUP LEASING SOLUTIONS SPA (formerly BNP PARIBAS LEASE Group SPA)	EUR	164	100	38	95.94%
BNP PARIBAS MALAYSIA BERHAD	MYR	350	0	(25)	100.00%
BNP PARIBAS PERSONAL FINANCE	EUR	453	4,468	212	98.94%
BNP PARIBAS REAL ESTATE	EUR	329	184	74	100.00%
BNP PARIBAS REUNION	EUR	25	26	7	100.00%
BNP PARIBAS SB RE	EUR	450	33	19	100.00%
BNP PARIBAS SECURITIES JAPAN LTD	JPY	201,050	9	(8,731)	100.00%
BNP PARIBAS SECURITIES (ASIA) LTD	HKD	2,429	425	(130)	100.00%

NAME	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	Interest held by BNP Paribas SA
		In millions of the currency unit			in %
BNP PARIBAS SECURITIES (JAPAN) LTD	JPY	30,800	(60,148)	60,152	100.00%
BNP PARIBAS SECURITIES KOREA COMPANY LTD	KRW	250,000	(9,387)	10,392	100.00%
BNP PARIBAS SECURITIES SERVICES - BP2S	EUR	165	476	58	94.44%
BNP PARIBAS SUISSE SA	CHF	320	3,308	389	99.99%
BNP PARIBAS UK HOLDINGS LTD	GBP	1,227	19	36	100.00%
BNP PARIBAS VOSTOK LLC	RUB	1,890	0	105	100.00%
BNP PARIBAS VPG MASTER LLC	USD	34	(7)	(4)	100.00%
BNP PARIBAS WEALTH MANAGEMENT	EUR	103	186	(10)	100.00%
BNP PARIBAS YATIRIMLAR HOLDING ANONIM SIRKETI	TRY	1,021	0	(2)	100.00%
BNP PARIBAS ZAO	RUB	5,798	1,109	339	100.00%
BNP PUK HOLDING LTD	GBP	257	(8)	12	100.00%
COBEMA	EUR	439	1,642	165	99.20%
COMPAGNIE D'INVESTISSEMENTS DE PARIS - C.I.P.	EUR	395	221	21	100.00%
COMPAGNIE FINANCIERE OTTOMANE SA	EUR	9	272	10	96.85%
CORTAL CONSORS	EUR	58	285	4	94.22%
FIDEX HOLDINGS LTD	EUR	300	(2)	3	100.00%
FINANCIERE BNP PARIBAS	EUR	227	141	29	100.00%
FINANCIERE DES ITALIENS SAS	EUR	412	27	3	100.00%
FINANCIERE DU MARCHE ST HONORE	EUR	42	4	44	100.00%
FORTIS BANQUE SA (BNP PARIBAS FORTIS)	EUR	9,375	5,619	553	74.93%
BNP PARIBAS LEASING SOLUTIONS (formerly FORTIS LEASE GROUP SA)	EUR	2,261	551	(55)	65.00%
GESTION ET LOCATION HOLDING	EUR	266	903	18	99.24%
GRENACHE & CIE SNC	EUR	871	595	71	57.27%
HAREWOOD HELENA 1 LTD*	USD	43	9	(1)	100.00%
HAREWOOD HOLDINGS LTD	GBP	100	7	42	100.00%
IMS ABS FCP**	EUR	37	0	1	100.00%
OMNIUM DE GESTION ET DE DEVELOPPEMENT IMMOBILIER	EUR	459	50	42	100.00%
OPTICHAMPS	EUR	411	43	(12)	100.00%
ORANGE - BNP PARIBAS SERVICES	EUR	30	(2)	(1)	100.00%
PARIBAS NORTH AMERICA INC.	USD	1,282	52	59	100.00%
PARILEASE SAS	EUR	54	267	2	100.00%
PARTICIPATIONS OPERA	EUR	410	30	3	100.00%
PETITS CHAMPS PARTICIPACOES E SERVICOS SA	BRL	102	(64)	30	100.00%
PT BANK BNP PARIBAS INDONESIA	IDR	726,320	407,643	62,484	99.00%
ROYALE NEUVE I SARL	GBP	0	503	2	100.00%
SAGIP	EUR	218	1,009	39	100.00%
SOCIETE ORBAISIENNE DE PARTICIPATIONS	EUR	311	(408)	5	100.00%
STRADIOS FCP FIS	EUR	86	(2)	2	54.39%
TAITBOUT PARTICIPATION 3 SNC	EUR	792	33	252	100.00%
UCB ENTREPRISES	EUR	97	100	2	100.00%

* *At 31 December 2010.*
** *At 30 September 2010.*

NAME	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	Interest held by BNP Paribas SA
		In millions of the currency unit			in %
UKRSIBBANK	UAH	7,512	(4,683)	(1,385)	100.00%
WA PEI FINANCE COMPANY LTD	HKD	341	6	92	100.00%
2. Associated companies (10% to 50%-owned)					
BANQUE DE NANKIN	CNY	2,969	15,651	3,246	12.68%
CREDIT LOGEMENT(*)	EUR	1,254	68	87	16.50%
ERBE	EUR	120	2,067	76	39.18%
GEOJIT BNP PARIBAS FINANCIAL SERVICES LTD	INR	228	3,273	321	33.58%
ORIENT COMMERCIAL BANK	VND	3,028,418	363,010	255,414	20.00%
PARGESA HOLDING SA(*)	CHF	1,699	555	244	11.33%
VERNER INVESTISSEMENTS	EUR	15	337	53	50.00%

In millions of euros	Subsidiaries		Associated companies	
	French	Foreign	French	Foreign
II - General information about all subsidiaries and associated companies				
Book value of shares				
Gross value	21,197	34,401	3,207	2,664
Net value	20,504	33,195	2,314	2,174
Loans and advances given by BNP Paribas SA	135,861	20,749	2,136	2,777
Guarantees and endorsements given by BNP Paribas SA	32,871	10,412	317	77
Dividends received	1,006	1,331	133	76

(*) *At 31 December 2010.*

6.5 Details of equity interests acquired by BNP Paribas SA in 2011 whose value exceeds 5% of the share capital of a French company

Change in interest to more than 5% of the capital		
Not listed	NAVIMO GROUP	SAS
Not listed	BREST'AIM	SAEM
Change in interest to more than 10% of the capital		
None		
Change in interest to more than 20% of the capital		
None		
Change in interest to more than 33.33% of the capital		
None		
Change in interest to more than 66.66% of the capital		
Not listed	FOUGÈRES RUE DU TRIBUNAL -SCI	SCI
Not listed	HANOVRE FINANCEMENT 1	SASU
Not listed	HANOVRE FINANCEMENT 2	SASU
Not listed	HANOVRE FINANCEMENT 3	SASU
Not listed	HANOVRE FINANCEMENT 4	SASU
Not listed	HANOVRE FINANCEMENT 5	SASU
Not listed	NORLUM SCI	SCI
Not listed	ORANGE – BNP PARIBAS SERVICES	SA
Not listed	PIERRE AVENIR 3 SCPI	SCI
Not listed	QUAI DUGUAY TROUIN -SCI	SCI
Not listed	SOFICINEMA 2	SA
Not listed	STÉ IMMOBILIÈRE DU RONCERAY	SAS

6.6 Statutory Auditors' report

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

For the year ended 31 December 2011

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

BNP Paribas

16 boulevard des Italiens

75009 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2011, on:

- the audit of the accompanying financial statements of BNP Paribas;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 December 2011 and of the results of its operations for the year then ended in accordance with French accounting principles.

II - Justification of our assessments

The accounting estimates used in the preparation of the financial statements for the year ended 31 December 2011 were made in an uncertain environment marked by an economic and liquidity crisis, which makes it difficult to assess the economic outlook. It is in this context that, in accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de Commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Impairment provisions for credit and counterparty risk

BNP Paribas records impairment provisions to cover the credit and counterparty risk inherent to its business as described in notes 1, 3.d, 4.a, 4.b, 4.c and 4.e to the financial statements. We examined the control procedures applicable to identifying exposures, monitoring credit and counterparty risk, impairment testing methods and determining individual and portfolio-based impairment losses, notably regarding Greek sovereign risk.

Measurement of financial instruments

BNP Paribas uses internal models and methodologies to value its positions on financial instruments which are not traded on active markets, as well as to determine certain provisions and assess whether hedging designations are appropriate. We examined the control procedures applicable to identifying inactive markets, verifying these models and determining the inputs used.

Measurement of investments in non-consolidated undertakings and equity securities held for long-term investment

Investments in non-consolidated undertakings and equity securities held for long-term investment are measured at value in use based on a multi-criteria approach as described in notes 1 and 4.e to the financial statements. As part of our assessment of these estimates, we examined the assumptions underlying the determination of value in use for the main portfolio lines.

Provisions for employee benefits

BNP Paribas raises provisions to cover its employee benefit obligations, as described in notes 1, 4.j and 6.b to the financial statements. We examined the method adopted to measure these obligations, as well as the main assumptions and inputs used.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III – Specific verifications and information

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Courbevoie, 7 March 2012

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
Pascal Colin	Patrice Morot	Guillaume Potel

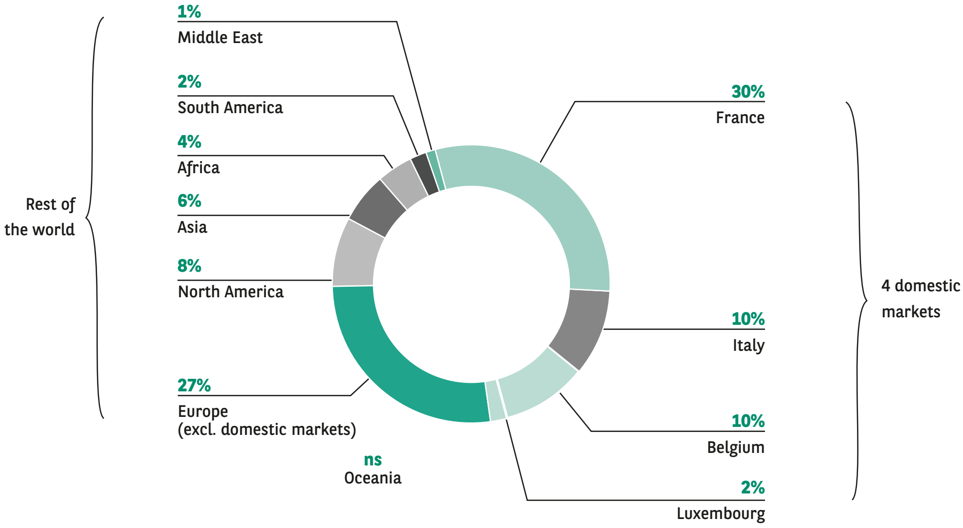
7 SOCIAL, COMMUNITY AND ENVIRONMENTAL ACTION

7.1 Human resources development

WORKFORCE EVOLUTION

BREAKDOWN BY GEOGRAPHIC AREA

At end-2011, the Group had 198,423 full-time equivalent employees (FTEs), 186,577 on a financial basis[(1)], an increase of 2,576 FTEs on a like-for-like basis compared with end-2010 (193,046 FTEs in 2009).



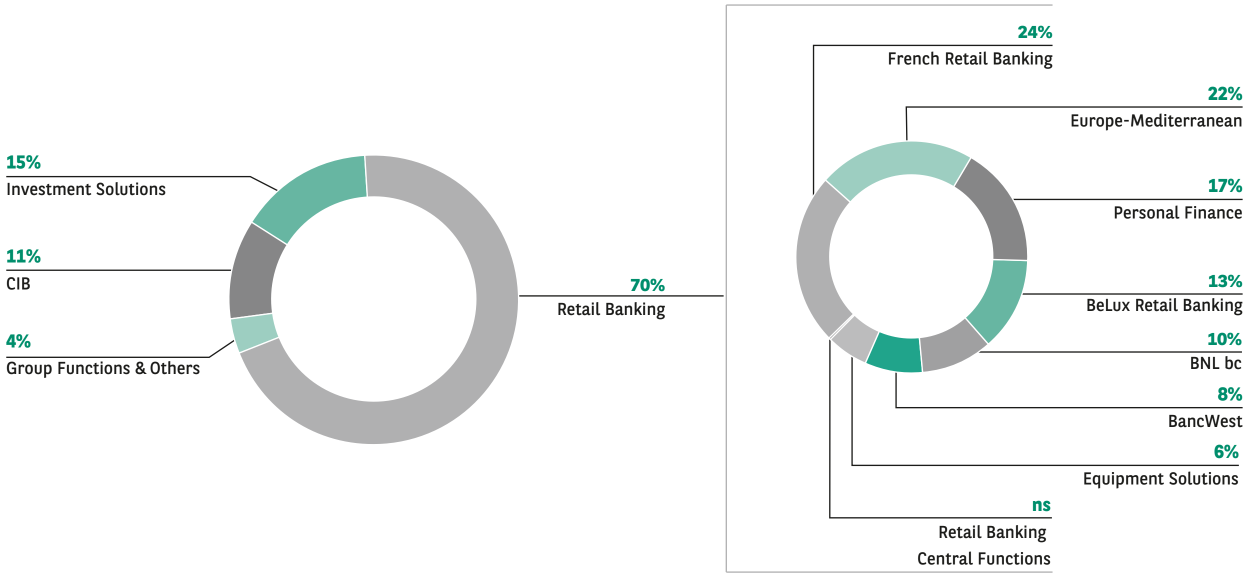
	2001	2006	2011
France	51,756	57,124	59,877
Rest of Europe	14,424	53,461	95,533
North America	7,627	14,810	15,079
Asia	3,850	5,571	12,713
Africa	5,205	6,201	8,361
Latin America	1,083	2,924	3,994
Middle East	749	1,308	2,218
Oceania	500	513	650
TOTAL	**85,194**	**141,911**	**198,423**

In 2011, the breakdown of the worldwide workforce by geographic area remained stable compared with 2010.

(1) Number of full-time equivalent employees (FTEs managed) weighted by the year's financial consolidation method.

Employees working in the four domestic markets (France, Belgium, Italy, Luxembourg) accounted for 51% of the Group's total workforce.

TOTAL WORKFORCE BY BUSINESS LINE



DEVELOPING AND STRENGTHENING A SHARED IDENTITY

CORE VALUES AND MANAGEMENT PRINCIPLES

The core values chosen by the Group in 2000 express a desire to enlist strong employee support for the corporate strategic mission. They aim to unite a diverse group of people by giving them a strong sense of shared identity. They are action-focused and provide guidance on the individual and collective behaviour expected of everyone.

Responsiveness – rapidly appraising situations and developments, identifying opportunities and risks, making decisions and taking effective action.

Creativity – promoting new initiatives and ideas and rewarding their originators.

Commitment – devoting best efforts to customer service and team success, while meeting the highest standards of behaviour.

Ambition – developing an appetite for challenge and leadership, with the goal of winning, as a team, a series of contests in which the client is judge.

Four management principles were presented in early 2011 and relayed to the Group's senior management. They aim to strengthen cohesion and the sense of shared identity by making managerial practices clearer and more explicit in a Group that has undergone far-reaching changes in the last few years due to external growth, internationalisation of its workforce and the impacts of the financial crisis.

Client focus – inspiring our people to focus innovatively on serving our clients, as their interests must always be uppermost.

Risk-aware entrepreneurship – being fully accountable for initiatives that encourage growth and efficiency, which means acting interdependently and cooperatively with other entities to serve the global interest of the Group and its clients, being constantly aware of the risks involved in our area of responsibility, and empowering our people to do the same.

People care – caring for our people, showing them respect, developing their skills and promoting diversity.

Lead by example – setting an example through our own behaviour and ethics by observing the law and compliance rules and behaving in a socially responsible way.

A SHARED CULTURE

The corporate culture within a large group strengthens the sense of belonging and gains employee loyalty. The Group has developed transversal resources and facilities in various areas of the world in order to spread its culture through training.

Places where the Group's culture grows and flourishes

BNP Paribas Campus

The Group training centre, in the magnificent setting of Louveciennes near Paris, is a fully-fledged corporate campus. It not only focuses on building competencies but also on providing a forum for sharing ideas and nurturing the corporate culture. The centre caters to employees from all businesses, countries and backgrounds.

In 2011, some 30,000 trainees attended the centre to participate in induction seminars, business-specific courses, cross-functional training programmes and major Group events.

Information about the Campus is available in French, English, Italian and Dutch at http://www.campus-louveciennes.bnpparibas.-com.

BNP Paribas academies

The Group has set up two academies to spread its corporate culture: the Risk Academy launched in May 2010 and the Management Academy, which has been operational since March 2011.

Risk Academy

Open for a year and a half now, the Risk Academy has made its initial training package available to all employees. It includes basic risk practices, a risk awareness module and a portal providing access to all initiatives (catalogues, library, quality label, etc.). Its training has now been expanded to include the Risk Essentials programme for senior managers, the first communities of best risk practices and Risktalks, which aim to share and spread knowledge. These programmes were implemented with the help of a network of 110 risk officers worldwide.

Risk Academy
BNP PARIBAS

Management Academy

The Management Academy works along similar lines. Its ultimate goal is to enable all managers to:

- acquire and strengthen skills (personal development and managerial techniques);
- exchange best practices, methods and knowledge;
- share and spread the Group's managerial culture.

Initial work focused on the community of senior managers with a view to spreading the managerial culture throughout the Group. It included launching a specific Intranet portal and holding a cycle of conferences and a seminar on innovation management.

Internal communications, a means of promoting employee cohesion

Through the various internal communication media (*Ambition* quarterly magazine, *Starlight* monthly webTV, *EchoNet* Intranet site and *Group Flash* weekly newsletter), employees are kept informed of changes in the Group, new regulations in world finance and the major projects and strategy implemented. The Internal Communications Department also contributes to boosting employee confidence and making them proud to work for a responsible group that serves the economy. In 2011, a special focus was placed on conveying the Management Principles and strengthening managerial communication, in particular by distributing a communication package on the Group's results. Information on the Group's handling of the financial crisis was made available on a regular basis. Following the merger between Fortis and TEB in Turkey, *Starlight* and *Ambition* are now available in Turkish as well as English, French, Italian and Dutch (and Russian for *Ambition*).

PRIDE IN BELONGING

In 2011, the Global People Survey conducted among 177,500 people across 65 countries showed that 84% of employees were proud to belong to the BNP Paribas group, a 2% increase on the previous year.

Observance of the United Nations Global Compact

With a presence spanning 79 countries, BNP Paribas operates in a variety of political and regulatory environments. This means that the Group must take particular care to ensure that it complies with the principles of the United Nations Global Compact, which it has endorsed.

BNP Paribas conducts an annual review of high-risk countries in terms of respect for human rights[1]. In 2011, BNP Paribas had operations in eight high-risk countries accounting for 6% of its total workforce, and in 21 vulnerable countries accounting for 17% of its total workforce. In the most exposed countries, where regulations tend to be much less stringent, local Human Resources departments and managers apply Group rules to all employee management procedures to guarantee compliance with the Global Compact.

BNP Paribas helped to found *Entreprises pour les Droits de l'Homme* (EDH – companies for human rights) with seven other major French groups. Now established as an association, EDH seeks to identify practical ways to help companies make sure that they observe fundamental human rights. It brings together human rights experts, global NGOs and academics, and it aims to promote its approach to other companies. A training module was devised in 2009 intended for use by managers and heads of Human Resources working in at-risk countries.

BNP Paribas' involvement in society

As a responsible company, BNP Paribas seeks to reconcile long-term financial performance with a human dimension to serve the interests of both the economy and the community. It contributes to the economic and social development of the countries in which it operates through many outreach initiatives that fall into three broad categories:

- combating discrimination of all kinds and promoting diversity: initiatives aim to provide personal assistance for victims of discrimination on the grounds of health, age, origin or other factors;
- combating exclusion, with the aim of providing financial support for people suffering from economic and social exclusion;
- transferring knowledge and supporting equal opportunity programmes by promoting the transfer and acquisition of knowledge from learning to read and write right through to cutting-edge research.

For many years, BNP Paribas has been involved worldwide in five main areas of corporate philanthropy - inclusion, education, medical research, the environment and culture – mainly through the BNP Paribas Foundation and the Group's nine other foundations. BNP Paribas illustrates its active commitment to society on a day-to-day basis. It listens to its clients, partners and employees, works alongside them and empowers them to act (see NRE appendix 7.3, community involvement chapter).

(1) Source: Maplecroft identifies 27 high-risk and 65 vulnerable countries.

Some of the initiatives supported by the Group in 2011:

France :

- *Projet Banlieues*, a programme that finances job and business creation alongside the Adie (*Association pour le droit à l'initiative économique*); support for Afev (*Association de la Fondation étudiante pour la ville*), which helps to combat educational and cultural inequalities among children from disadvantaged backgrounds, support for local initiatives; *Odyssée Jeunes*, a programme which finances school trips;
- providing 150 employee volunteers for the association *Nos Quartiers ont des Talents* association (NQT), which helps young graduates from sensitive neighbourhoods to find work; initiatives to promote diversity with *IMS-Entreprendre pour la Cité*, which encourages companies to recruit from a variety of backgrounds;
- founder member of *HandiFormaBanques*, which trains disabled people for various banking jobs;
- active support for *Bénévolat de Compétences et Solidarité* (BCS), a skills-based volunteering association that puts volunteer active and retired employees into contact with partner associations in France; and *Microfinance Sans Frontières* (MFSF), which encourages active and retired employees of the Group to make their skills available to microfinance institutions in emerging countries.

The Employee Helping Hand programme has provided support for 57 community projects in France. The programme is also being rolled out in seven other countries: Belgium, Luxembourg, Italy, Spain, Portugal, Morocco and Switzerland.

In Belgium, apart from awards distributed to many associations, BNP Paribas Fortis takes part in and organises many outreach programmes for which employees volunteer, including *Help2Help, Help2Help Plus, Solidarity Team Buildings* and *Solidarity Days*. In addition, BNP Paribas Fortis offered 40 summer jobs to young people, giving them the opportunity to discover the world of banking. This initiative, which is new in Belgium, accounted for 6% of all summer jobs on offer.

Through its Socially Responsible Company label, BGL BNP Paribas is an active corporate philanthropist in Luxembourg in the areas of culture, outreach, sports and research. It supports clients in their corporate philanthropy policies, provides them with Socially Responsible Investment products and supports initiatives taken by NGOs and local associations. It also promotes microfinance, social business and the solidarity economy.

In India, a partnership has been forged with Pratham India, an NGO specialising in housing, educating and training young girls from disadvantaged neighbourhoods in Mumbai suburbs.

An increasing number of initiatives in schooling, knowledge transfer and training are emerging in other countries such as the United Kingdom, the United States, Italy, Turkey, Morocco, Poland and Hong Kong.

PROMOTING DIVERSITY

GROUP-WIDE POLICIES

A sense of shared identity is also fostered by a positive view of the Group's growing initiatives to promote diversity.

Combating discrimination and promoting diversity

Diversity of backgrounds and equality in recruitment

Commitment to diversity is a cornerstone of the Group's recruitment policy and is based on a comprehensive set of processes to guarantee equal treatment and recruit from a broad variety of backgrounds.

Informing candidates and using new contact channels

Upstream of the candidate selection process, the Group introduced some innovative communication channels in 2011 and took part in a variety of recruitment events enabling it to promote its businesses to candidates who would not otherwise have spontaneously applied and to expand the range of candidate profiles. The following channels were developed:

- *Backstage*, a web forum for interactive discussion between candidates and Group employees designed to encourage exchange and put the technical speak into plain language;
- *Backstage Meetings* (offline events organised by *Backstage*), providing opportunities to forge special relations on targeted issues (e.g. women in business);
- *Dr Job*, a coaching application to help candidates prepare for recruitment interviews;
- cooperation with associations (IMS-*Entreprendre pour la Cité*, *Nos Quartiers ont des Talents*, Afev) and partnerships with schools and universities.

A recruitment process that guarantees equal treatment

A high-quality recruitment process underpins the Group's commitments. The Recruitment Code of Ethics requires compliance with the basic principles of impartiality, transparency and respect. Equal treatment of candidates is assured by a reliable method that aims to prevent the risk of discrimination:

- applications are selected on an objective assessment of the skills required for the job;
- the entire recruitment process is traced through a dedicated tool and information is sent to candidates at each key stage of the selection process;
- recruiters and managers responsible for hiring decisions are given comprehensive training to ensure a professional approach and raise awareness;
- a close eye is kept on new and emerging recruitment practices: for example, BNP Paribas took part in the experimental Recruitment by Simulation Method (RSM), which aims to recruit candidates without a CV.

Ex post control of the recruitment process

The Group has developed tools to ensure that its non-discrimination principles are strictly observed throughout the recruitment process:

- quarterly audits of applications selected on a random sample basis;
- annual audit of the quality of interview reports and comments made on job applications in the job application management database;
- periodical audits of advertisements posted on the job site (selection criteria announced vs. selection criteria used to screen CVs);
- quarterly analysis of new hires under the Group's commitment to *Plan Espoir Banlieues*: in 2011, the Group met its target of recruiting more than 10% from among young people under the age of 26 from disadvantaged backgrounds.

Spreading best practices

Group Human Resources plays a cross-functional role and among other things runs the International Recruitment Community, which encourages the exchange of best practices between countries. As a result, the job application management database already used in France, Portugal and to some degree the UK, which traces applications and controls the risk of discrimination, was extended in 2011 to Asia, New York, Canada and Luxembourg.

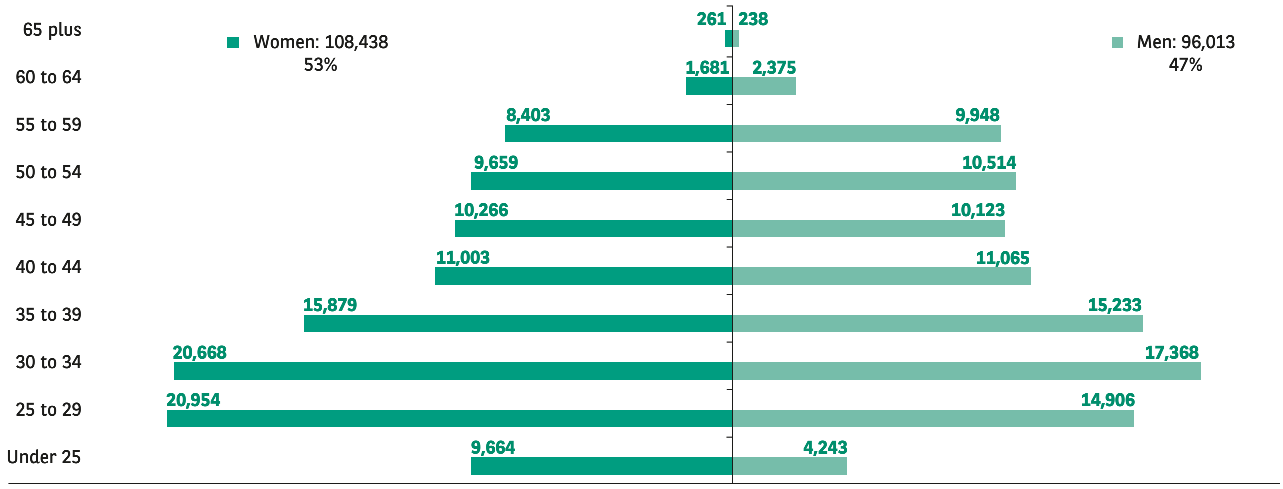
Diversity training to combat stereotyping

Diversity is addressed in management seminars or human resources seminars organised for the entire Group. Since 2007, a specific one-day training session called "Managing diversity as a performance lever" has been run in France to make HR practitioners, managers and the social partners aware of the importance of diversity and the risk of discrimination in their professional practices. 3,000 people have received this training. On a world level, 8,000 employees have received training in diversity, mainly in Belgium, USA, France, UK, Switzerland and Luxembourg.

Age diversity

Age pyramids vary considerably within the BNP Paribas group depending on the country and business line, requiring a variety of different policies for older employees.

➤ GROUP AGE PYRAMID – PHYSICAL HEADCOUNT – DECEMBER 2011



Average age across the Group: 41.2 years.

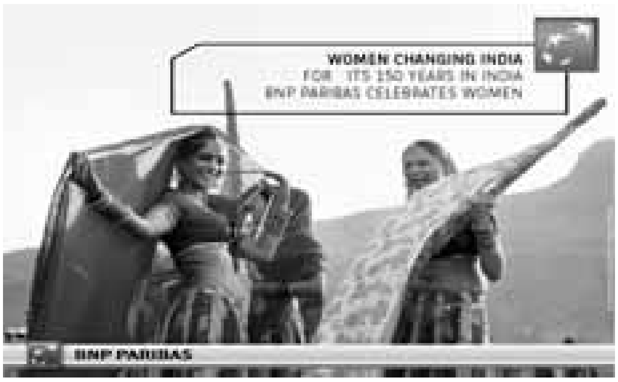
The Group's age pyramid remains broadly balanced. The lower age groups are predominant in most of the Group's divisions, while the age pyramid of the Group's retail banking operations in Western Europe is predominantly comprised of older employees. This diversity requires specific policies to be defined locally depending on the issues.

Gender equality

An international commitment at the highest level

In March 2011, Baudouin Prot signed the **United Nations Women's Empowerment Principles (WEP),** a set of practical recommendations aimed at empowering women in the workplace, marketplace and community. In signing these Principles, the Group is voluntarily committing to a sustainable progress approach and to a community of best practices on how to implement the Principles.

An example of this approach was an exhibition entitled "Women Changing India" organised in 2011 and shown throughout the world to mark BNP Paribas's 150th anniversary in India.



Internal initiatives

As required by law, BNP Paribas chose to examine how the **principle of gender equality** was being upheld within the Group as early as 2004. Although well represented in the workforce, women can sometimes come up against a "glass ceiling" preventing them from rising above a certain level. In recognition of this issue, the Group has undertaken to foster equality of opportunity and treatment between men and women at all stages of professional life and to do more to promote women into managerial and supervisory positions.

Female representation on the Bank's governing bodies

Board of Directors

At 31 December 2011, women accounted for 35.7% of the 14 Directors elected by the shareholders. The Board also has two Directors elected by the employees, one of whom is a woman.

Executive Committee

On 1 December 2011, a woman who has spent her entire career with BNP Paribas was appointed to the Group's Executive Committee. She heads up the whole of French Retail Banking and therefore has responsibility for 2,250 branches and more than 32,000 employees. This is a strong signal of the Group's commitment.

2012 target: 20% of women in senior management positions within the Group

Diversity in the workplace is a key component of organisational efficiency. Top management therefore set an ambitious goal in this area. By 2012, women will occupy 20% of the senior management positions within the Group. This has entailed concerted efforts to promote at least 100 additional women to senior management positions over a period of three years.

At end-2011, more than 19% of the Group's senior managers were women.

Globally, the percentage of women promoted into senior management positions (not covered by the banking industry collective agreement) or Executive Management positions (for subsidiaries not governed by that agreement in France) is increasing regularly and stood at 40% in 2011 compared with 28.5% in 2007.

Gender equality networks

In France, **the BNP Paribas MixCity association** celebrated its second anniversary and expanded throughout 2011. Its aim is to create an active, value-added social network within the Company and to promote diversity both within the organisation and within society. BNP Paribas MixCity has more than 500 members. For the second consecutive year, at the annual senior managers conference, the association organised an evening for women senior managers from across the world providing the opportunity to meet and discuss a variety of issues. More generally, networks for women continued to develop throughout the Group, particularly in the United Kingdom, USA, Bahrain, Belgium, etc.

Another key highlight was the March 2011 inauguration of **Financi'elles**, an association of the internal networks for women executives in eight companies in the banking, finance and insurance sector. Its aim is to provide women professionals in the sector with opportunities for cross-networking and sharing best practices. BNP Paribas MixCity was one of the founder networks in this project.

Internationalisation of senior management

As BNP Paribas has grown and expanded internationally, the Group's worldwide workforce has increased accordingly, reaching almost 200,000 employees at end-2011. Over the same period, the percentage of employees outside France, comprising 166 nationalities, has risen from 41% to 70%.

Today, the senior management structure reflects this growing internationalisation. It includes 52 different nationalities in sixty countries and 24% of the Group's G100 members are non-French. At 1 December 2011, the percentage of non-French members of the Executive Committee has reached 17%.

LOCAL POLICIES TO PROMOTE DIVERSITY THAT MEET SPECIFIC NEEDS IN EACH COUNTRY

The Group's strong diversity policy is implemented in numerous countries and adapted to suit their own specific legal and cultural needs.

France

Leveraging the label Diversité

The *label Diversité* awarded in January 2009 not only recognises the Bank's efforts to promote diversity since 2004 but also provides a tremendous opportunity to go even further in building the commitment of all employees. Going even further means capitalising on our differences in a "Spirit of Diversity" by avoiding self-segregation and raising employee awareness so that diversity becomes a true value.

The follow-on audit carried out by Afnor, which took place 18 months after the Label was first obtained, covered new Group entities in its scope of certification (e.g. BNP Paribas Cardif).

BNP Paribas SA drew up its second Diversity Report, measuring the effects of actions taken to prevent discrimination and promote diversity. Based on quantified data, the report highlights the strengths and focuses of the Diversity policy and the areas for improvement.

BNP Paribas SA appointed a specialist firm to carry out an analysis of its diversity policy ahead of its application for renewal of the *label Diversité*. The analysis revealed that a clear vision of the policy was conveyed and that it included many continuous progress criteria and targets that can be accurately measured.

Lastly, in 2011 BNP Paribas SA appointed an equal opportunity Ombudsman, providing at national level a review for individual cases where employees believe they are being discriminated against. Training in "Handling complaints" has also been devised for human resources practitioners to help them support employees who feel they are being discriminated against.

Company agreements

Gender equality

As early as 2004, BNP Paribas SA signed an agreement setting out the principles to promote and respect equal opportunity and gender equality at work. Last renewed in 2007, the agreement provides for bridging pay differences between men and women working at the same grades and with comparable levels of qualifications, responsibility, competency, experience and professional efficiency as determined by performance evaluations. A budget of EUR 1 million per year was set aside to reduce salary differentials between 2008 and 2010. A budget of EUR 1 million has been adopted for 2012 under the Company pay agreement.

A amendment was signed in July 2010 to continue efforts and actions taken. The major areas of focus are achieving a balanced gender mix in professional careers and measures to enable both men and women to exercise their parental responsibilities. A training day is offered to all women returning to work after maternity or adoption leave for their first child.

The agreement has also led to steady growth in the percentage of women in management positions, rising from 38.8% in 2005 to 45.2% in 2011 at BNP Paribas SA (see NRE appendix 7.2 social chapter). The banking industry had set itself a target of 40% by the end of 2010. BNP Paribas SA had already exceeded this target and therefore set its own more ambitious target of 44%, which it reached a year ahead of schedule. A new target of 46% has been set for end-2012.

Parenthood and work-life balance

The Group is a corporate member of the French "Parenthood Observatory", an organisation that seeks to promote work-life balance and parenthood. In 2011, BNP Paribas SA, along with eight other companies, sent out a questionnaire to its employees as part of a study commissioned by the French Ministry of Solidarity and Social Cohesion on equal access of men and women to parental and family responsibilities.

Almost 900 children took part in the Family Days organised by several Group entities, including CIB, Investment Solutions, BNP Paribas Cardif, Klépierre and Group Human Resources. The purpose of these initiatives is to show children where their parents work and what they do, and to help develop the various Group bodies involved in parenthood issues. These events were hugely popular with employees as they provide a unique opportunity for exchange.

In addition, childcare facilities are made available to some employees working in large entities that relocate their premises (e.g. "*Les petits minotiers*" *crèche* provided by BNP Paribas Securities Services).

Disability: continuation of the four-year BNP Paribas SA disability employment agreement (2008-2011). A new four-year agreement has been signed covering the period 2012-2015.

Employing people with disabilities is a key aspect of BNP Paribas' commitment to social responsibility. It has a proactive, long-term policy in favour of the direct and indirect employment (via specialist institutions) of disabled people and their inclusion in the workplace.

Ongoing **awareness raising** actions involve all employees, including exhibitions, roving workshops and practical exercises on the theme of sensory impairment or physical disability. Specific sessions are held for human resources practitioners, managers, trade union representatives, etc.

BNP Paribas SA has achieved its **recruitment target**, having taken on 170 disabled employees in France in the past four years (see indicators in NRE appendix 7.2 social chapter). To do this, the *Projet Handicap* team developed new avenues for attracting applications from people with disabilities and took part in a large number of forums across France. These new avenues include the *HandiFormaBanques* association, which helps banks to recruit people with disabilities, and a training course in how to become a commercial officer, the result of a partnership with a professional rehabilitation and training centre.

An essential component of the Bank's policy is to **retain** and provide a proper career path for people who become disabled during their career. The number of actions of this type has increased almost sevenfold since 2008. 138 people were supported in 2011.

Disability training for managers

Interactive training gives managers a basic grounding in disability, makes them aware of their own views and prejudices and teaches them how to react and what to do when a disabled colleague joins their team. 78 managers were given the opportunity to share best practices in integrating and managing disability within their teams.

A directory to promote access to education

Projet Handicap supports the measures taken by the *Centre d'Information et de Documentation Jeunesse* (CIDJ) to advise and guide young people with disabilities. The aim is to make sure they have access to higher education, which is a guarantee of better professional opportunities, by posting an online national directory listing the access facilities of higher education institutions.

Seniors

Group entities continued to roll out action plans and company agreements in favour of older employees. These action plans and agreements all aim to promote the continued employment of seniors through positive provisions coupled with quantitative indicators that take account of the demographic characteristics of each entity. They are in keeping with the global, proactive policy of non-discrimination and equality opportunity to which the Group has been committed for several years now.

At BNP Paribas SA, half of all employees are over 45 and more than one third are over 50. To meet the overall objective of keeping older employees in employment under the best possible conditions, the provisions cover three areas: career management, professional training and health in the workplace. At end-2011, the average retirement age of employees aged 55 plus was 60.

In career management, every employee regardless of age is guaranteed a regular interview with his or her HR manager. The Bank also encourages professional mobility among older employees and undertakes to give everyone equal rights to training. Lastly, employees aged 55 plus are given more frequent health checks by the Bank's occupational health department.

Belgium

Since its integration into the Group, BNP Paribas Fortis has pursued an active Diversity policy, based on the results of a series of audits. The Diversity action plan was validated by the Executive Committee of BNP Paribas Fortis, reflecting a top-level commitment. Each business line has its own diversity working groups. The bank received support from the public authorities in presenting a Diversity plan in the three regions of Belgium.

Specific actions are carried out to prevent discrimination. Managers, HR executives and recruitment practitioners all receive training in combating discrimination. E-learning is available to all managers. Combating discrimination is now included in interview technique training and a total of 3,700 employees have been made aware of these issues.

In 2011, BNP Paribas Fortis launched its own network for women: MixCity Belgium. It is open to all employees of BNP Paribas Fortis, men and women, and its aim is to promote the visibility of women in the company and improve the gender balance at all levels of the organisation.

In 2011, BNP Paribas Fortis published two practical guides on disability. The first is for managers and aims to facilitate the recruitment and inclusion of people with disabilities. The second is a guide on polite conduct and aims to promote knowledge and mutual understanding of the various types of disability.

Italy

BNL has taken many steps to improve gender equality. Women accounted for 41.8% of the workforce in 2011, versus 40.8% a year earlier. They now account for 29.7% of managerial positions and 13.5% of top management teams, versus 29.1% and 11.7% respectively in 2010.

In 2011, CIB Italy set up a working group on gender equality in partnership with the Foreign Banks association in Italy (AIBE), with the aim of both raising awareness and sharing best practices among banks. Several initiatives were taken as part of this approach, including a seminar on the value of diversity at CIB in Milan, with representatives from 15 foreign banks.

In addition, a training course called "Womaneyse" has been developed to promote gender equality within the company. It consists of three days' training spread over three months and covers gender differences and the potential and skills of each gender.

After a year devoted to optimising infrastructures and technologies, BNL continued its action to include disabled employees by organising working groups comprising managers and employees whose remit is to make proposals on professional qualifications and working conditions in 2012.

Luxembourg

In 2011, BGL BNP Paribas created the position of Diversity Officer responsible for raising employee awareness of diversity issues and developing a concrete action plan for all Group entities in Luxembourg. Several initiatives were taken, including:

- the option of "buying" vacation days in order to improve work-life balance;
- offering a caretaking service;
- signature of a charter committing to the "Positive Actions" programme set up by the Luxembourg Ministry for Equal Opportunity, which includes an external audit of the company's practices in terms of gender equality in the workplace.

At BGL BNP Paribas, 9% of Management Committee members, 16% of senior managers and 25.8% of managers are women.

Lastly, BGL BNP Paribas has focused its action on disabled accessibility to the bank's buildings and professional support to employees returning to work after suffering a disability.

United States

BNP Paribas systematically sends all its managers on an Inclusion and Leadership seminar and has introduced a system of assessment by objectives on diversity for managers.

It also has professional networks of women, Hispanics, Asians, ethnic minorities and Lesbians, Gays, Bisexuals and Transsexuals (LGBT) and offers a professional network development workshop. Several events were organised to promote these networks. Each year, a Diversity Day takes place in New York.

In 2011, BNP Paribas set up a tax compensation scheme for same-sex couples to ensure equal tax treatment of all its employees.

United Kingdom

BNP Paribas is a member of the Respect for Opportunity association whose aim is to encourage diversity in recruitment, succession planning and career management.

An Equality, Diversity, Inclusion (EDI) action plan was set up in 2011, under the aegis of a diversity committee, to draw up an equal opportunity and training policy. BNP Paribas offers support for female employees returning from maternity leave and their managers to ensure a better understanding of each other's expectations.

It has drawn up a best practice guide to establish its own Diversity network. After the 2010 launch of the women's network and the Pride network for gays, lesbians, bisexuals and transsexuals, the BAME (Black, Asian and Minority Ethnic) community was created in 2011 driven by the bank's employees. In addition, Respect is a network open to all bank employees regardless of their ethnic origin. It aims to promote all cultures.

Bahrain

A steering committee, set up in the wake of the BNP Paribas MixCity association, took several initiatives to help women advance up the ladder, using training as one of the main levers. The HR Department's aim is to make all staff aware of and educate them about diversity and gender equality. The BNP Paribas Kids Club was launched in February 2010 as part of the parenthood policy.

Canada

A three-year action plan aims to improve gender equality and opportunities for people with disabilities. A report on diversity is sent to the Canadian government each year. Lastly, every year BNP Paribas Canada organises an annual Diversity Week to raise employee awareness.

SUPPORTING EMPLOYEES IN AN ENVIRONMENT OF CHANGE

LONG-TERM EMPLOYMENT MANAGEMENT

Jobs and skills planning and forecasting

On a qualitative level, long-term career management and skills development form part of the Group's HR policy, and include assigning a career manager to each employee, posting job vacancies internally, preparing succession plans and sustained efforts in training. All these measures help to develop employees' skills and employability.

On a quantitative level, a strict workforce management policy enables the Group to plan and forecast its short and medium-term employment needs. In each of its four domestic markets (France, Belgium, Italy and Luxembourg), BNP Paribas has set up a system comprising a planning and forecasting tool and a series of workforce management measures. The planning and forecasting tool is used to determine the level of staff turnover and job changes for the current and next two years in order to identify in advance any need to adapt the workforce. The series of workforce management measures are broken down into the various elements of human resources management, such as recruitment, internal mobility, training, etc.

In addition, the Group's employment issues in France are monitored and coordinated to ensure that HR policies are consistent with the workforce position in all entities.

Reorganisation of some businesses to adapt to regulatory and market changes

In 2011, while continuing to grow, BNP Paribas had to take account of new regulatory requirements and their faster timetable for implementation. This has had far-reaching impacts on the banking sector in general and has forced the Group to reorganise some of its businesses accordingly.

In this context, BNP Paribas Investment Partners, CIB, BNP Paribas Personal Finance and Leasing Solutions have reviewed their organisation structure and positioning with a view to preserving their competitiveness and ensuring their long-term development. Retail banking activities were not affected by these reorganisations.

In line with its social practices, BNP Paribas manages the resulting impacts on employment based on the following principles:

- respect for people;
- strict compliance with legislation and social practices in the relevant countries;
- transparency and dialogue with the employee representatives;
- priority on redeployment through internal mobility and training in all countries where the Group's size and type of business permit.

A total of 2,358 jobs worldwide will be affected in 2012 in the four business segments, including 1,396 for CIB, 278 for Investment Partners, 274 for Leasing Solutions and 410 for Personal Finance.

The geographical breakdown in these four segments is:

- 801 in France;
- 809 in the rest of Europe including 134 in CIB London;
- 748 in Asia, the USA, South America, Middle East and Africa, mainly in CIB.

In the four domestic markets, there will be no forced redundancies and priority will be given to internal redeployment of employees whose jobs are affected, in line with the Group's usual dynamic internal mobility policy. In addition to these actions, voluntary departure plans have been implemented for employees whose jobs are affected and who have a professional project validated by an external firm.

Completion of the BNP Paribas – Fortis merger

The merger between BNP Paribas and the Fortis controlled entities is coming to an end. On an employment level, the integration was based on the principle of respect for people and cultures, with priority on internal redeployment of employees, compliance with individual and collective employee benefit obligations and fair appointment procedures based on professional criteria. The response rate to the 2011 Global People Survey among Fortis employees was 67% (3 points more than the Group average) and their pride in belonging to the Group was 85% (one point more than the Group average), illustrating the success of the merger.

In France, a total of 1,500 Fortis employees in France have been integrated into the Group.

In Belgium, the business integration plan between BNP Paribas and Fortis has been followed scrupulously. Natural attrition was high and BNP Paribas Fortis continued to recruit in a big way, with some 1,500 new employees hired on permanent contracts during the year. Internal mobility plans were also highly successful thanks to the contribution made by the Mobility Centre.

In Italy, some of the Group's Italian subsidiaries (Leasing Solutions, Personal Finance, Artigiancassa, Findomestic and Insinger) were reorganised in 2011. The reorganisations were an excellent example of the Group's employment policy in action, as a number of employees whose jobs were affected opted to benefit from the workforce adaptation plan implemented by BNL, which took on 305 people from these subsidiaries.

In Luxembourg, the bank hired 314 new employees in 2011, including two thirds on permanent contracts. Over the same period, 324 employees left, including 62 due to retirement, 100 to resignation and 102 to contract expiry. Driven by the Mobility Centre, internal mobility was an effective means of resource development and adjustment. There were no less than 339 transfers between various entities and departments.

Other than these countries and except for Turkey, where there were 1,900 internal transfers and 400 departures out of a total of 10,000 employees, the BNP Paribas-Fortis merger did not have any direct impact in 2011 as all the teams had been combined during 2010, particularly in Asia and in the USA.

SUSTAINED EFFORTS IN SKILLS DEVELOPMENT

Training for professional efficiency

The banking world is undergoing far-reaching change due to the unstable, complex economic environment, the impacts of the crisis and new regulations. In this climate, it is essential to retain employees, develop their skills and enlist their support for the Group's new strategies.

Developing a sense of shared identity is a key factor in achieving this. The training and skills development objectives are in keeping with and help to meet these challenges. They are:

- recognising the value of and retaining employees;
- conveying the Group's corporate culture and strategic vision;
- enhancing employees' performance levels;
- increasing their employability within the organisation.

With these objectives in mind, training must:

- meet a clear, identified need;
- be part of a training programme that is clearly perceived by employees and their managers;
- provide a clear and consistent understanding of the Group, its divisions, operational entities and functions.

Enhancing employee performance level

Training provided by the business lines is intended primarily to raise the level of employees' professionalism and expertise in their field. For this reason, business lines establish training plans that seek to maintain competencies at the requisite level for employees to exercise their responsibilities. Training programmes are then developed with input from training specialists in order to make optimal use of new learning technologies. Training initiatives now combine classroom training with e-learning, and the training approach is supplemented by testing to ensure that knowledge is assimilated.

Developing employability

Developing employees' skills improves their employability and contributes to internal mobility. Mechanisms in France include:

- providing training that leads to a recognised qualification: a new "Expert Adviser" degree was introduced in 2011, in partnership with the banking industry and universities;
- validation of knowledge under AMF regulations, with 1,913 employees trained during the year;
- professional development through training in project management, personal efficiency and operational management, whilst at the same time attempting to ensure a good mix of employees from different backgrounds;
- English-language training: the scheme set up in 2010 makes sure that the training provided meets the needs identified through testing and that requisite level of skill is achieved. The scheme includes a number of e-learning modules and is also available in Italy, Luxembourg, Asia, Turkey, Africa and Brazil.

Training leading to a recognised qualification and English-language training are gradually being extended throughout the Group as and when appropriate.

Offering learning methods geared to employees' needs

E-learning

The Group has strong in-house skills in e-learning, which meets employees' needs and has become a popular learning method. The Group has also experimented with "blended learning", a method that combines e-learning with classroom training and enables new types of training to be developed.

In 2011, 825 additional modules were developed by the various Group entities, bringing the total number of training modules available in 79 countries at Group level to 1,073.

Developing knowledge transfer

Recognising the value of employees' skills also means transferring their knowledge to other Group employees. There are many reasons why it is important to share knowledge:

- the complexity of the banking industry makes expertise mission critical;
- sharing knowledge creates an essential social link between generations;
- sharing knowledge is an integral part of the leading by example managerial method.

The Group continues to develop training packages for trainers and mentors to help transfer knowledge and experience.

In Belgium, a peer coaching project was launched in 2011 to help share knowledge. In time, it will involve more than 2,000 managers.

INNOVATIVE SPIRIT AT THE HEART OF BNP PARIBAS' STRATEGY

The Group undertakes to help its clients meet the challenges posed by a radically changing environment. This commitment is reflected in its by-line "Bank for a Changing World". An innovative spirit is crucial to providing clients with solutions to their new emerging needs.

The Spirit of Innovation programme aims to promote responsible innovation that respects and meets clients' concerns in social and environmental responsibility matters. To support this goal, the Innovation Awards include categories and selection criteria that highlight this dimension.

BNP Paribas Innovation Awards

The Innovation Awards, which are part of the Spirit of Innovation programme, are designed to foster and reward employee creativity and expertise. The 2011 winners – 110 projects selected from more than 440 projects presented by 832 employees in 20 countries – bear witness to the popularity of this initiative among employees.

Three particularly innovative projects were developed in 2011 by Group Human Resources:

- Backstage, the first website in Europe devoted to candidates wishing to know more about the Group and put questions online to operational experts; this innovation helps to guide students and was highly appreciated by schools and universities and praised by opinion leaders in Web HR;
- the Risk Academy, an innovation that won an award in the "Employee Satisfaction" category;
- the Mobility Forum, made available to employees seeking a transfer in the Paris Region, enabling them to match their request with job vacancies in the presence of the managers and HR practitioners concerned.

Innovation training

Since 2010, several training packages have been made available to support innovation management at Group level. The "My Way to Innovation – Leading Teams Out of the Box" seminar set up in 2011 by the Management Academy supports this approach and supplements the training provided by the business lines. In addition, several hundred employees attended a cycle of conferences.

BNP PARIBAS, A TOP EMPLOYER, CONTINUES TO RECRUIT

BNP Paribas continues to recruit

The Group has stepped up its recruitment drive, with over 27,600 new permanent employees in 2011, including 5,800 in the domestic markets (France, Italy, Belgium and Luxembourg), of which 3,400 in France. Growth in recruitment was buoyant during the first half but slowed in the second. The countries recruiting the most are, in decreasing order(1), France, the United States, India, Turkey and Belgium, with Retail Banking taking a 70% share of total new hires.

BNP Paribas, a popular employer

BNP Paribas has launched a new recruitment campaign with a more global profile, based on the concepts of pride in belonging to the Group and pride in financing clients' projects.

"Ace Manager":
increasingly successful with each new edition

Ace Manager is a fun game designed by the Group to illustrate the pivotal role played by the bank in financing its clients' projects in the real economy. It forms part of the strategy to raise the profile and appeal of BNP Paribas with young people.

The third version of this corporate game in 2011 attracted 12,382 participants of 140 different nationalities (3,200 teams of three or four students) from 98 countries on 5 continents. The operation showcased the BNP Paribas employer brand to over one million students worldwide during the campus tours and promotional events organised to promote the contest.

Ace Manager's website has had more than 337,000 visitors since its inception and its Facebook page has over 7,300 fans.

France

For the second consecutive year, BNP Paribas ranked as the second most popular employer in France(2), standing out on issues such as gender equality, seniors, disability and training. It was also the most popular employer among business school and major university students(2). In France, BNP Paribas received 195,400 job applications(3), 2% up on 2010.

Effective online communication

2011 saw some major Web projects, including the Backstage Website launched in February, which generated more than 1,200 contributions and over 155,000 visits by end-December, and the Dr Job application, open to everyone, which helps candidates prepare for recruitment interviews. Dr Job very quickly made the top five most downloaded applications in the Business sector.

(1) Other than Russia with strong growth in automobile finance credit at point of sale through BNP Paribas Personal Finance, and Ukraine with high employee turnover.

(2) Sources: Palmarès Région Job/Express conducted among more than 10,000 web users; TNS Sofrès.

(3) Excluding BNP Paribas Personal Finance, BNP Paribas Arbitrage and BNP Paribas Real Estate.

Belgium

In line with its "employer branding" policy launched in 2010, BNP Paribas Fortis opened its new website in September 2011. The site aims to create a closer, more personal relationship with candidates and illustrates the dynamic, creative approach of the Belgian subsidiary. BNP Paribas Fortis also adapted the Group recruitment campaign to give it a more "internal" feel, with the employees themselves describing their jobs.

Italy

In 2011, BNL renewed its commitment to recruiting young talent through "BNL Recruiting Day" and "*OrientaMente*" events. It received thousands of applications to take part in these events, where candidates are recruited on the spot. Thanks to "*OrientaMente*", fifteen graduates, selected from among the most motivated profiles who replied to a questionnaire published on all BNL's Facebook pages (*BNL Job, BNL per il Tennis, BNL per Telethon, BNL LIFE, 6 miliardi di altri),* were able to talk to a group of experts about opportunities in the market and how to approach companies. These initiatives illustrate BNL's policy of building close relations with young people, speaking their language and using their preferred tools to gain their commitment and attract promising young talent to the Group.

United Kingdom

A new graduate recruitment campaign was launched in 2011, combining a dynamic approach with a holistic view of CIB's activities. It included the publication of a new brochure, a new internship guide and a new website. In addition, the graduate programme website and Facebook page propose a BNP Paribas CIB Genius Quiz for people to test their knowledge of finance. Meanwhile, the UK developed its network of ambassadors on campuses around the world to increase BNP Paribas brand exposure.

A partnership policy with schools and universities

France

Work-study training for students: a priority

In 2011, more than 1,400 students were employed on work-study contracts in France, bringing the total across the Group to 2,100. In addition to their training, these students, who are preparing for 2-year to 5-year degrees or diplomas, also gain experience that enables them to make a productive contribution as soon as they graduate. Thanks to this training, the Bank has a pool of talented, young graduates with knowledge of its businesses and culture, and whose potential has been assessed by the Bank over a long period. Work-study training not only helps to promote social mobility and professional integration for participants but also enables them to receive a salary during their studies. The scheme helps young people from all social backgrounds to obtain higher-level training and enter the workforce. In 2011, 54% of the young people on the scheme were offered a permanent employment contract.

Innovative partnerships

- in 2011, BNP Paribas signed global partnerships with *Paris Est Créteil* (UPEC) and *Paris IX Dauphine* universities, providing an opportunity to get closer to the students, present the Bank and its business activities, and advertise job offers. This partnership won the top award in the 2011 *AEF (Agence Education Formation)* University-Business meetings;
- an integrated study programme offered by six regional *Instituts d'études politiques* supports 1,200 schoolchildren from disadvantaged backgrounds to prepare for the joint entrance exam;
- the "Second Chance School", actively supported by the Bank for several years now, is involved in professional and social inclusion through education and training. It is aimed at young adults between the age of 18 and 25 who have left the education system within the past year without any qualifications. In 2011, the BNP Paribas Foundation provided extra support to help develop a professional opportunities programme;
- an India-France partnership finances education grants for a year's study at *Essec* business school for two Indian students. They will finish their education with an internship in the Group to gain some professional experience. In this way, the Group hopes to retain these students over the long-term.

Belgium

Since the beginning of the 2010-2011 academic year, BNP Paribas Fortis has stepped up its partnerships with the Belgian universities and now sponsors five chairs across the country. In addition, the Group supports a programme where young people from disadvantaged backgrounds are mentored by older students from several universities. It also supports executive programmes offered by *HEC-ULg* for companies that do not have the time or resources. Lastly, with its partners *CreaPME* and *HEC Liège* Executive School, BNP Paribas Fortis has launched the second edition of *CRE'ACTION*, a business start-up support programme. These partnerships with universities and education illustrate the Group's strong commitment to Belgian society.

RETAINING AND MOTIVATING EMPLOYEES IN THE LONG-TERM

EMPLOYEE INTEGRATION: A GROUP INITIATIVE, LOCAL INITIATIVES

Induction schemes help new entrants to learn about BNP Paribas and position their job within the Group as a whole. It helps them forge an initial relationship with the Group, understand its structure and start to build a network of relations throughout the organisation. The induction scheme and tools developed give new entrants a clear and consistent understanding of the Group, its divisions, operational entities and functions.

For example, new entrants in various Italian entities met in May for an initial induction session with the aim of strengthening their sense of shared identity and focusing on BNP Paribas' values.

Luxembourg continued its "Team Contact" scheme to support employees through the BGL and BNP Paribas merger, training more than 650 people in 2011.

In Belgium, new employees are welcomed at an "Induction Day", which presents the Group's values and ambitions.

In France, Retail Banking's induction seminar is aimed at new management staff, whether they have previous experience or not. The support functions also organise regular welcome sessions for their new employees.

Two seminars were organised at regional level in Singapore (for Asia-Pacific) and San Francisco (for the Americas), bringing together more than 200 employees.

Lastly, two cross-functional seminars took place in France, aimed at 400 experienced managers joining the Group.

PERSONAL CAREER MANAGEMENT

Career management forms part of the Group's human resources policy and is based on a general principle of decentralisation. Each employee is assigned to a local career management officer. However, as part of the succession planning policy, two specific categories of employee have been identified as requiring special attention at a more global level: Senior Management and High Potential employees.

2011 was a watershed year for these two categories. In January, an initial list of 2,200 senior managers was drawn up based on new criteria ("relative weight" of the job, better representation of the various entities and territories that make up the Group, etc.). Then in September the list of High Potential employees was revised on the basis of a new identification process.

Key actions taken since the integration of BNP Paribas Fortis continued with the publication in September of a new guide to behavioural skills aiming to promote and facilitate the integration of a skills approach in the various HR processes.

Career management is based first and foremost on the relationship between the employee and his or her manager. The career managers' role is to monitor this relationship and to follow up on each individual's career advancement. They are the first line of contact for employees in all matters concerning their career path: advancement, mobility and compensation. They know the employees well through their appraisals, occasional or regular contacts with their managers and, of course, career interviews. They also make sure that there is no discrimination throughout the employee's career.

An active mobility policy

Key issues

In the current climate, mobility helps the Group adapt to its environment. It is an effective way to meet the needs of entities by optimising the use of skills available internally. Apart from the growth issue, mobility is also a key factor in an employee's career path.

In line with the HR vision, mobility makes an essential contribution to the "social pact" guaranteed by the Group in its domestic markets. It meets the following key objectives: first, developing prospects for advancement and supporting employees in their career path and, second, anticipating change and managing reorganisations.

Action principles

Internal mobility takes precedence over any external recruitment, and follows the same principles as regards diversity and non-discrimination at each stage of the process. As a major international group, the choice of vacancies is broad and representative of all the Group's activities. No preference is given to a particular profile and the focus is on diversity of careers and personal experience. For example, for several years, the mobility rate in France has been around 20%.

Development of effective tools

Various tools have been developed to provide employees with effective mobility opportunities in such a large group:

- E-jobs is an internal site listing all job vacancies within the Group. It is available to all employees on the Intranet and Internet. The number of job vacancies posted on e-jobs in 2011 totalled 3,776 worldwide including 2,415 in France. Almost 750 vacancies are permanently available in France;
- A two-day "Mobility Forum" was organised for employees seeking internal transfers in the Paris Region. The aim was to put them into direct contact with the managers and HR practitioners who have the job vacancies. The initiative was highly successful and will be repeated.

Leveraging talent through targeted policies

Adapting and rolling out the Talent Development Programme

The Talent Development Programme is designed to provide High Potential employees with the opportunity to gain international experience. The programme was devised jointly by operational and HR managers from the various Group entities. Its purpose is to ensure effective executive succession planning for Senior Management and High-Potential employees and to keep pace with the Group's growth.

As part of this programme, there is a specific career management policy for High Potential employees. In addition to the training programmes provided by the divisions and business lines, the Talent Development Programme offers three training cycles to employees from all Group entities worldwide enabling them to acquire cross-functional skills. The sessions are held at the BNP Paribas Campus. These cycles are also an excellent means of forging close professional links across all Group activities.

International mobility

E-jobs has become a major and unavoidable element of the Group's mobility policy throughout the world, as it is now available in 25 countries.

"International Retail Key Resources" programme in Retail Banking

"International Retail Key Resources" (IRKR) are Retail Banking employees with certain professional, behavioural (intercultural/managerial) and linguistic abilities, who are keen to pursue an international career and who can be posted on a short-term or medium-term basis to a Retail Banking unit in another country for a specific assignment, project or managerial responsibility, or assigned to a multinational team in their own or another country.

IRKRs are identified from a total Retail Banking population of 138,000 employees in 47 countries.

At end-December 2011, 296 IRKRs of 25 nationalities had been identified in 34 countries, as well as 263 potential successors of 28 different nationalities in 36 countries.

A total of 165 IRKRs and potential successors have been posted under the programme, including 82 in 2011. 65% of the total were international postings. 19% of the total were women.

Succession planning

One of the Group's most important tasks in terms of career management consists of preparing for the future by ensuring long-term succession for executive management positions. Succession planning committees which bring together managers from the various divisions and functions and Human Resources managers meet regularly, at all levels, to identify promising executives who show the potential to take up senior management positions within the organisation. Executive roles within the Group provide a springboard for talented individuals whilst promoting their integration within the Group and providing opportunities to develop their leadership skills.

A COMPETITIVE COMPENSATION POLICY IN LINE WITH INTERNATIONAL RULES

Compensation for work and performance

Work performed, skills, level of involvement in assigned tasks and level of responsibility are compensated by a fixed salary, which depends on employees' experience and the market practices for each business. Variable compensation levels are based on individual and collective performance over the year compared with the targets set. Variable compensation takes different forms in the various business lines.

More generally, the Group's compensation policy is founded upon principles of fairness and transparency which are supported by:

- an annual overall compensation review process;
- a strict delegation system which operates in accordance with guidelines set at Group level;
- a stronger governance by the Compliance, Risk and Finance Committee and greater involvement of the Board's Compensation Committee.

Compensation policy established pursuant to new regulations and market requirements

The financial crisis highlighted the need for significant change in how variable compensation is paid to market operators. BNP Paribas has been a driving force behind this change with a view to supporting sustainable growth in its activities by combining responsibility with competitiveness. The compensation policy has been amended in accordance with the European CRD III directive(1) and the Decree of the French Ministry of the Economy and Finance published on 13 December 2010, once again reflecting the Group's conservative and rigorous approach to compensation. The Group intends to promote the need for consistency between the behaviour of employees whose professional activities are likely to have a material impact on the Bank's risk profile and the Company's long-term objectives, in particular with regard to risks.

Information on compensation and benefits received by corporate officers is provided in note 8.e of Chapter 4 consolidated financial statements at 31 December 2011. 2011 data for members of the Executive Management team and individuals whose professional activities have a material impact on the Bank's risk profile (disclosures required under article 43-2 of Regulation 97-02) will be available on BNP Paribas's website, *http://invest.bnpparibas.com/en*, before the Annual General Meeting on 23 May 2012.

Compensation practices for employees whose professional activities are likely to have a material impact on the Bank's risk profile

This policy has led to:

- deferring a substantial portion of variable compensation over three years and making payment of each annual deferred portion subject to the achievement of performance conditions, which, if not met, will result in non-payment or partial payment only;

(1) Capital Requirements Directive.

- indexing part of the variable compensation to BNP Paribas's share price in order to align the interests of beneficiaries and shareholders.

The method used to determine individual variable compensation includes a quantitative and qualitative performance review of each employee relative to the targets set. This includes an assessment of each employee's behaviour with respect to observing the Group's values, ethics, team spirit and procedures. Their contribution to controlling risks, particularly operational risk, is also taken into consideration.

A RANGE OF BENEFITS REFLECTING A RESPONSIBLE APPROACH TO A LONG-TERM EMPLOYMENT RELATIONSHIP

At Group level

Employee share ownership

Every year for the past ten years, BNP Paribas has made a new share issue reserved for Group employees, giving them the opportunity to benefit from the Group's growth and to strengthen their sense of belonging to the Group.

In 2011, 173,000 employees in seventy countries were eligible to purchase BNP Paribas shares via the Group Savings Plan (*Plan Mondial*) with a 20% discount. Some 63,000 employees worldwide, or 36% of the Group, took up the offer.

In addition, under the new long-term Global Share Incentive Plan, managers receive stock options and performance shares each year.

At end-2011, Group employees owned 6.2% of the share capital directly or indirectly (see section 1.5 of Chapter 1 - BNP Paribas and its shareholders).

Other company benefits

In its various countries of operation, the Group offers a range of benefits in addition to its legal obligations, providing a high level of protection for employees. For example, these benefits cover medical consultations and hospital stays for its local employees and their families. These mechanisms have been harmonised with the aim of ensuring greater consistency between local systems that are sometimes quite disparate (see note 7 to the financial statements - Salaries and employee benefits).

Pensions

In France, the Group pays contributions to various nationwide basic and top-up pension schemes. BNP Paribas SA and certain subsidiaries have set up a funded pension plan under a company-wide agreement. Under this plan, employees will receive an annuity on retirement in addition to the pension paid by nationwide schemes.

This is also the case in many other countries, where new employees are covered by a defined contribution plan enabling them to build up during all their professional life a pension entitlement in addition to any local state schemes (see note 7 to the financial statements – Salaries and employee benefits).

France

Other benefits

In addition to fixed salary and compensation, the Group offers an extensive range of benefits to improve the working environment and work-life balance and to enable employees to finance their personal projects, manage life's risks and prepare for retirement.

Working hours

The Group strives to cater to everyone's particular needs through part-time work, annual leave, reduced working week, flexitime, time savings accounts, etc. Life's special events are also taken into account through extra leave for marriage, death, relocation, births, etc.

Employee savings plans

The Group seeks to optimise collective profit-based incentive schemes according to the legal, social and tax context of each entity. In France, for example, profit-sharing (mandatory) and incentive (voluntary) plans entitle employees to a portion of the profits they have contributed to through their work, and other similar profit-sharing plans exist in many other territories.

BNP Paribas SA profit-sharing and incentive plans (amounts in euros)

Year	2005	2006	2007	2008	2009	2010	2011
Gross value	186,076,788	227,719,000	232,530,560	84,879,969	181,349,984	235,833,607	239,003,000
Minimum amount per employee(1)	3,772	4,696	4,728	1,738	3,782	4,627	3,938
Maximum amount per employee(1)	10,689	12,732	12,800	4,641	10,128	12,447	10,571

(1) Gross amount for a full-time employee present for the entire year.

Employee savings and pension plans

BNP Paribas provides employees savings plans, a Group retirement savings plan (*PERCO*) and supplementary pension plans to help employees build up their savings. The employee savings plan is a collective scheme enabling employees to build up a nest-egg. In France, 15,000 employees subscribe to the Group retirement savings plan (*PERCO*). Their savings become available on their retirement date in the form of an annuity or a lump-sum payment. Top-up payments made by the Group into the employee savings plans and retirement savings plans totalled about EUR 40 million in 2011 (including EUR 13.5 million for the *PERCO*).

Personalised death and disability cover

BNP Paribas's flexible death and disability insurance plan was set up under a company-wide agreement and has few equivalents among French companies. It offers staff a high level of cover for critical illness, disability or death. Starting from a basic plan, which is the default option, employees can adjust the protection to their personal and family situation by choosing the appropriate level of benefit or supplementary cover. Plan options can be modified annually.

Bilan Social Individuel (BSI)

In 2011, for the third consecutive year, almost 54,000 employees in France received their *Bilan Social Individuel*, a statement that provides a detailed breakdown of their total compensation package in the previous year. It aims to provide an easy-to-grasp summary of the employee's personal position, combining data that had previously only been available from a variety of sources, particularly on compensation, benefits and training.

Belgium

New compensation model

Negotiations have taken place between BNP Paribas Fortis and the trade unions to define a new compensation model for the 17,000 BNP Paribas Fortis employees (management and non-management). At the end of 2011, management signed an agreement with the two main trade unions. This new compensation model, which will apply from 1 January 2012, is based on three principles:

- a 3% salary cut for employees as part of the "Initiative 2014" cost-cutting programme, in exchange for a guaranteed job until the end of 2016;
- a portion of the "collective" variable compensation linked to sustainable development criteria such as customer satisfaction, promoting diversity, improving well-being in the work place, risk and compliance awareness and reducing the bank's negative impacts on the environment;
- an upgrade of the current compensation model with the option of converting all or part of the "individual" variable compensation into a "green" mobility package (company car or subscription to various eco-friendly transport schemes) and/or an increased pension package.

Italy

Alongside the traditional variable compensation systems, BNL offers some of its employees *ad hoc* incentive measures designed to reward them for excellent performance. For example, top-performing employees in the Retail, Private, Corporate, Debt Recovery and Origination and Sales Assistance departments are offered a place on the BNL Master training programme.

BNL also offers all its employees a range of benefits such as health insurance, accident insurance, additional death and disability insurance, subsidised loans, luncheon vouchers, a long-service award (after 25 years of service), education grants, etc.

Luxembourg

A "single status" for all BNP Paribas employees in Luxembourg

When BGL and BNP Paribas were merged, a "single status" for all employees of both entities (other than managers not covered by the collective agreement) was introduced at end-2010 to create a common platform of benefits and improve general working relationships. This harmonisation continued in 2011 with the "single status" being extended to managers not covered by the collective agreement.

LISTENING TO WHAT PEOPLE SAY

SUPPORTING OUR COLLEAGUES HIT BY CRISIS

Japan

Although the earthquake on the afternoon of 11 March was a big one, the Group's office buildings, fortunately, were not too badly impacted and employees were unharmed. However, since most trains could not function, some employees had to stay at the office for the night, but they were taken care of by the Bank who gave them food. During the week that followed, trains were still not functioning normally and gas and water were not available everywhere, therefore the Bank reserved hotel rooms for staff unable to commute or live at home.

The Bank booked hotel rooms in the Nagoya and Osaka areas for staff willing to send their family away. It allowed expatriates to send their family either to their home countries or to hotels in Nagoya/Osaka. The Bank monitored staff and their families' status every day.

The Group and its staff donated JPY 260 million (EUR 2.4 million) to the Japan Red Cross. Also, the CSR Committee in BNP Paribas Tokyo arranged five volunteer trips in the north, which had been deeply impacted. Volunteers helped to clear houses and fields, and feed the locals.

"Arab Spring" and Côte d'Ivoire

Several Europe-Mediterranean countries were hit by uprisings and confrontations. These events all had their own specific features, but on each occasion the safety of all employees (locals and expatriates) was the first priority. A crisis unit was permanently on hand to provide appropriate answers to the situation.

In Egypt, Côte d'Ivoire and Libya, expatriates' families and then the expatriates themselves were very quickly sent back to their home country. The process went without a hitch thanks to quick, effective planning on the part of Group Security. The expatriates were taken care of immediately on their return by the Human Resources teams. Apart from the trauma suffered, our employees and their families had to live with the uncertainty over how and when the conflicts would end. Therefore, everything possible was done to plan and finalise the logistics and financial aspects. In Côte d'Ivoire, some local employees, whose safety could no longer be guaranteed, were also brought back to France.

HIGH-QUALITY SOCIAL DIALOGUE

European Works Council

The European Works Council set up in June 2010 in its new configuration is now fully operational both in its own internal organisation and work and in its relations with Executive Management. The Council has forty-nine staff representatives from twenty countries and ten officers representing six different countries.

2011 was a busy year with two plenary sessions and eight meetings of the officers (some of them enlarged to represent countries specifically concerned by the meeting). Issues addressed included an assessment of the BNP Paribas-Fortis merger, the launch of Corporate & Transaction Banking Europe (CTBE), and the adaptation plans for Personal Finance, Leasing Solutions, CIB and Investment Partners.

Two major training sessions were provided for Council members, one on its role and responsibilities, which took place over two days in April at the BNP Paribas Campus, and the other on Basel III requirements.

In addition, the Council began work on drafting three European social charters, defined its requirements for a code of social practices for restructurings, and conducted a survey among its members on their perception of their local diversity policy.

Social dialogue at national level

France

In 2011, the Labour Rights Commission, BNP Paribas SA's labour information and negotiation body, met twenty-two times and negotiated the signature of six company-wide agreements covering salaries, value-added-sharing bonus, prevention of harassment and violence in the workplace, disability employment and professional inclusion for the period 2012-2015 and two covering social dialogue organisation and procedures. Following the agreement signed in 2010, the Bank also continued its policy on psychosocial risks, creating four bilateral working groups which made practical recommendations on the prevention of stress. These recommendations are currently being implemented.

In addition, 65 agreements were signed in 2011 in the Group's ten largest subsidiaries in France, excluding Real Estate, including six on the combating discrimination and promoting diversity, three on preventing psychosocial risks and thirty on salaries, value-added-sharing bonus and employee savings.

Belgium

With a focus on the company's development and in a spirit of mutual respect, management and employee representatives finalised the agreement on a new compensation system. Apart from six basic collective labour agreements covering the various components of the new system (fixed salaries, collective variable compensation and individual variable compensation), eight others were signed during the year, including two to harmonise compensation conditions, two on mobility, one on training, one on organising the employee representative elections (with a new e-voting system) and two on various benefits.

Italy

Social dialogue was very intense with the signature of 25 agreements covering issues as diverse as job grading, safety in branches through the use of CCTV cameras, pension funds, training, and various bonuses. In addition, with a view to coordinating the policies of various entities, BNL signed social agreements covering mobility between Group subsidiaries and BNL and the preservation of certain conditions (length of service, various benefits) with Findomestic (14 agreements), Investment Solutions (6 agreements), Leasing Solutions (5 agreements), CIB (4 agreements), Arval (4 agreements) and Ifitalia (4 agreements). Lastly, major negotiations on cost cutting within BNL began during the year and should reach an outcome in early 2012.

Luxembourg

The key area of focus for social dialogue concerned the entire banking industry, as a new collective agreement was signed in March covering the period 2011 to 2013, governing issues as diverse as compensation, working hours, paid leave, bonuses and training for all Luxembourg banks.

LISTENING TO EMPLOYEES THROUGH THE GLOBAL PEOPLE SURVEY

True to its tradition of "listening" to its employees, BNP Paribas renewed its annual global survey in partnership with Towers Watson, a global human resources consulting firm, which analyses and processes the data on a strictly anonymous and confidential basis.

The **2011 Global People Survey** (GPS) attracted a **record number of participants** with a response rate of 64% (113,886 respondents out of the 177,550 employees surveyed in 65 countries), an increase of 12 points compared with 2010 (52%).

The survey was available in twenty languages. It addressed fifteen broad issues including commitment, leadership, local management and training through 73 questions including an open-ended one "What would you change at BNP Paribas and how?", which generated more than 41,000 comments. A new issue, innovation, was addressed in 2011 and generated a lot of interest.

The GPS is a key management tool that helps to clearly identify employee expectations at the level of each business and each country and is used to guide appropriate action plans. It attempts to understand what motivates employees the most and to measure their perception of life in the Group. The survey is extended each year to cover new issues.

Results

The broad trends in the 2011 GPS highlight an overall stability in results. Employees are still as proud as ever to belong to the Group and are still confident in the management team. There was an improvement in scores for relations with local management, CSR, Diversity and Equal Opportunity.

The main expectation expressed by employees was the emergence and promotion of a genuine international culture within the Group. Areas in which they believe improvements could be made are streamlining decision-making processes, clarifying responsibilities to promote internal mobility, better recognition of individual performance and continued efforts in equal opportunities.

The GPS also revealed initial reactions to the four Management Principles presented early in the year. Future surveys will help to measure how well they have been adopted and their impact on the managerial culture and behaviours within the Group.

PROTECTING EMPLOYEES' HEALTH

The Group's occupational health policy goes beyond simply complying with changing legislative requirements. The major components of the policy are risk prevention, taking account of public health issues and support for employees who are at risk or who have become unfit for work.

France

Preventing occupational hazards

In 2011, particular emphasis was placed on the following areas:

- updating the assessment of occupational hazards inherent in the Group's business operations (required by the Decree of 5 November 2001);
- protecting against hearing problems for call centre employees;
- workstation ergonomics (Project Alice);
- a new company agreement on disability employment;
- a proposed European charter on stress;
- participation in work groups on "arduous work" under the wing of the *Fédération des Banques Françaises*;
- eliminating thermal paper containing bisphenol A from cash machines in bank branches and in company restaurants;
- continuing the programme to prevent and deal with psychosocial risks.

Specific initiatives are pursued to prevent occupational hazards, including information campaigns, training, design ergonomics, remedial ergonomics and alert procedures.

Medical assistance is provided to employees who have been victims of attacks, in particular in the Paris region, in conjunction with the city's emergency medical services. This initiative has been progressively reinforced and its effects can be seen in the reductions in both the number and length of absences in the wake of attacks and in requests for transfer to another position after an attack.

Public health issues

BNP Paribas SA's Occupational Health Department works to promote employee health. Public health initiatives taken in 2011 were:

- cardiovascular disease prevention programme, through screening for risk factors such as high cholesterol, hypertension, smoking and stress;
- colorectal cancer screening with the Hemocult test offered to employees aged 50 plus;
- organising several days devoted to the prevention of cardiovascular disease, stress, musculoskeletal disorders, addictions, etc., at various medical venues. During these days, 190 people received training from two Occupational Health Department doctors in life-saving techniques and how to use a defibrillator;
- raising awareness of what to do when faced with health problems away from home, offered to FRB managers in November 2011;
- support for employees with weaknesses or incapacity for work;
- annual medical visits for employees aged 55 and over;
- "Health and Well-being", a quarterly medical journal for all employees providing preventive advice and information on diet and the environment;
- blood donation campaigns at BNP Paribas SA and its subsidiaries;
- First-Aid in the Workplace training given by two doctors and a nurse.

As in the area of prevention of occupational hazards, the Occupational Health department, Human Resources managers and line managers work closely together to redeploy employees returning to work after several months' absence due to illness. Given the rapid pace of change within the Group, the reintegration process must factor in an adjustment to the new circumstances, dispel employees' worries and give them time to get back on their feet.

A medical observatory to monitor stress, anxiety and depression (OMSAD)

Stress is the second most prevalent occupational pathology after musculoskeletal disorders. An observatory to monitor stress and mental health issues has been set up in collaboration with IFAS, the French institute for action on stress, in Paris and Lyon. At each periodic medical visit, employees can fill out a confidential, anonymous questionnaire that is immediately assessed by the occupational physician for purposes of a personal diagnosis. The data is then compiled and processed by IFAS, an independent body, and the results returned to BNP Paribas. The results are used to measure stress levels, pinpoint populations at risk and take appropriate preventive measures. This system is now in place at BNP Paribas SA, BNP Paribas Personal Finance, BNP Paribas Assurance, BNP Paribas Leasing Solutions, Arval and, since February 2011, BNP Paribas Securities Services. At end-2011, almost 25,000 people completed the questionnaire.

Stress, Information and Support hotline

This hotline has been operational since 1 December 2010. From 8:15 am to 5 pm, a nurse or physician from the Occupational Health department in Paris is available to talk to employees wishing to obtain information about stress or who need help. The Occupational Health department may ask for support from a specialist physician, who will call the employee back promptly.

"Stress online" audit

A "stress online" audit was conducted at Personal Finance (April 2010), BP2S (January 2011) and FRB (April and September 2011). 19,500 FRB employees were surveyed with a 65% response rate. An action plan is currently being drawn up.

Consultation service

A consultant physician specialised in behavioural and cognitive therapy receives employees with psychological troubles on the referral of the occupational physician. Since its creation in September 2010, 166 appointments have been made by 95 employees. The number of consultations is limited to three per employee.

Medical assistance to employees who are victims of attacks

SOS INTERNATIONAL is a psychological support service that handled 15 cases in 2011.

Belgium

The main occupational health highlights of 2011 were:

- introduction of a new **2012-2016 Global Occupational Health, Safety and Well-being Plan** approved by management and the social partners. The plan includes an information programme, training and preventive actions, awareness campaigns, crisis management, and the systematic use of a Health Check questionnaire similar to the OMSAD used in France;
- implementation of a **prevention policy** for problems in the workplace caused by alcohol or drug abuse;
- assistance and advice for employees with **psychosocial difficulties** related to work or personal life. This issue involves stepping up the existing cooperation between physicians and nurses, social assistants and the psychosocial prevention consultant;
- continued efforts by the Medical department and social workers to provide HR employees with support in helping people who have been ill or had an accident to **return to work** on a basis adapted to their temporarily reduced capacity;
- **medical consultations**: for a population of about 18,000 some 7,000 periodic medical check-ups have been carried out, 1,500 recruitment check-ups, 2,000 telephone contacts with employees off sick for more than a month, 700 spontaneous consultations, 600 return to work check-ups, 600 cardiovascular screening tests and 2,500 flu vaccinations;
- **training and annual refresher courses** for 350 first-aiders.

Italy

Assessment of psychosocial risks at BNL: a toll-free number is available for employees in difficulties.

PERSONALISED SUPPORT FOR EMPLOYEES

France

The Social Action department, which comprises some thirty corporate social workers, takes measures and provides services for employees who have a private or professional problem, or who simply need advice and direction.

This support and information role is supplemented by guides on key issues in private life, such as maternity, paternity, adoption, childcare methods and employing a child carer, children in higher education, family carers, elderly parents, protection for adults, death in service of an employee, etc. Many other issues may be also addressed including relationship difficulties, the family, the household budget, sickness or disability.

The Social Action department bridges the gap between private and working life and also provides information sessions run by specialised social workers:

- for employees close to retirement age, information days on the financial and psychosocial aspects of retirement. In 2011, 600 people took part in these meetings, which were followed by 985 individual interviews, a particularly high number due to the new pension reform;
- for employees seeking information on childcare options and how to employ childcare assistants. Two meetings were organised in Paris in partnership with the *Fédération du Particulier Employeur* (*FEPEM*), a body specialising in domestic employment, which attracted some fifty people (55% women and 45% men).

Belgium

The social team of 5 social workers works in the same spirit and philosophy as the Social Action department in France. They provide support on a daily basis to employees with personal or professional problems such as illness, financial difficulties, separation, death of a loved one, disability, aggression, problem in the workplace, etc.

In close collaboration with the Medical Department, they keep in contact with employees who are unable to work in order to smooth their return to work at the appropriate time and identify any work-related problems. They took part in various group actions:

- "Diversity" project, and particularly helping to draw up the "Guide on hiring people with disabilities" and the "Guide to polite behaviour towards the disabled or chronically sick";
- organisation of information sessions for supporting "victims of armed robberies";
- involvement in seminars on the psychosocial aspects of retirement.

The social workers also deal with cases of moral or sexual harassment at work.

7.2 NRE appendix – social chapter

NRE indicator – 2011	2011 scope
1. Compensation and benefits paid to each corporate officer during the financial year	
See Chapter 2 of the Registration document on *Corporate governance*.	Group
2. Compensation and benefits received from controlled companies during the financial year by each corporate officer Within the meaning of article L.233-13 of the French Commercial Code	
See Chapter 2 of the Registration document on *Corporate governance*.	Group
3. List of all Directorships and positions held during the financial year in any company by each of the corporate officers	
See Chapter 2 of the Registration document on *Corporate governance*.	Group
4. Total number of employees including employees on fixed-term contracts	
See Chapter of the Registration document entitled *Workforce evolution*.	
At end-2011, the Group had 198,423 full-time equivalent employees (FTEs), an increase of 2,576 on a like for like basis. FTE figures are measured pro rata to working hours. The FTE workforce measures count active employees and employees on paid absences who are on permanent or fixed-term contracts. Interns, apprentices, Volunteers for International Experience, subcontractors and temporary staff are not counted.	Group
At end-2011, the Group managed a workforce of 59,877 FTEs in France, including 841 fixed-term contracts.	France
The concept of "cadre" as used in a French work environment, loosely translated as "executive" or "manager", cannot be transposed as such to worldwide operations. For information purposes only, the ratio of "cadres" (executive or managerial employees) to all employees of BNP Paribas SA has increased as follows: 35.7% in 2002; 37.7% in 2003; 39.7% in 2004; 42.4% in 2005; 44.6% in 2006; 47.4% in 2007; 47.3% in 2008; 49% in 2009; 51.1% in 2010; 52.5% in 2011. Since 2008, this indicator has been based on the total workforce (including employees on unpaid absences and young people employed under work-study contracts).	BNP Paribas SA in mainland France
5. Number of new permanent and fixed-term contract employees	
In the year to 31 December 2011, the total number of persons hired under permanent contracts worldwide was 27,649, of which 56.5% were women.	Group
The Group hired 3,483 employees on permanent contracts in France in 2011. See section of the Registration document entitled *BNP Paribas continues to recruit*.	France
6. Recruitment difficulties, if any	
The attractiveness of the BNP Paribas group as an employer remains very high, with 195,400 job applications received (versus 191,000 in 2010). In 2010, new hires continued to be evenly split between young graduates with less than 2 years' work experience (38%) and employees with more than 2 years' work experience (62%). See section of the Registration document entitled *BNP Paribas continues to recruit*.	France
7. Number of and reasons for dismissals	
In 2011 the total number of employees dismissed by the Group was 4,219.	Group
In France, the number was 381. The main reasons for dismissals remain professional incompetence, inaptitude and misconduct.	France
8. Overtime hours	
In 2011 BNP Paribas SA in mainland France paid 85,719 hours of overtime.	BNP Paribas SA in mainland France
9. External workforce	
Temporary staff: in 2011, the monthly average number of temporary staff for the Group in France was 1,274 FTEs	France
In 2011, the monthly average number of temporary staff for BNP Paribas SA in mainland France was 631 FTEs. The average contract length was 37 days.	BNP Paribas SA in mainland France
Service providers: At end-December 2011, the number of employees belonging to an external company was 4,246.	BNP Paribas SA in mainland France
The agreements between BNP Paribas and temporary staffing agencies and service providers include very strict clauses on compliance with labour laws and preventing improper subcontracting.	BNP Paribas SA in mainland France

NRE indicator – 2011	2011 scope
10. If applicable, information relating to headcount adjustments, preserving jobs, redeployment, reenlistment and career support advice	
See section of the Registration document entitled *Long-term employment management*.	France, Belgium, Italy and Luxembourg
11. Working hours	
Extensive possibilities for requesting part-time work arrangements are available to employees. A total of 9.5% of employees in France have opted for part-time work arrangements. After one year of service, employees are eligible for a working time savings account in which leave days can be accumulated. Leave days saved in this account can be taken in various forms. In 2011, 29,447 employees had a working time savings account.	France
12. Working hours and days for full-time employees	
In France, the average working week for a full-time employee is generally 35 hours. The theoretical number of days worked per employee per year (on a fixed working hours basis) was 206 in 2011.	BNP Paribas SA in mainland France
13. Working week for part-time employees	
The most common arrangements are to work 50%, 60% or 80% of full-time. 94% of employees who have opted to work part-time are women. 79.1% of part-time employees have opted to work at 80% or more of full-time.	France
For BNP Paribas SA in mainland France, 93.6% of employees who have opted to work part-time are women. 73.4% of part-time employees have opted to work at 80% or more of full-time.	BNP Paribas SA in mainland France
14. Absenteeism and reasons for absenteeism	
The absenteeism rate in 2011 relating to paid absence was 3.5% (sickness, accident and other authorised leave), and 2.1% for maternity and paternity leave (vs. 3.8% and 2.1% respectively in 2010).	France
15. Compensation	
For the Group in France: ■ average annual compensation (fixed and variable) was EUR 51,075; ■ 93.4% of employees received variable compensation (92.5% of women and 94.6% of men); ■ 46.9% were awarded an increase in fixed compensation (versus 46.6% in 2010 and 43.2% in 2009). See section of the Registration document entitled *A competitive compensation policy in line with international rules*.	France
The average monthly compensation of BNP Paribas SA employees in mainland France was EUR 3,510 in 2011 (versus EUR 3,389 in 2010). 13.7% of employees received a promotion.	BNP Paribas SA in mainland France
16. Changes in compensation	
The annual wage bargaining round in 2011 for pay in 2012 led to an agreement signed by one of the five labour unions, representing 30.6% of the votes cast at the last election for employee representatives. The agreement included: ■ a permanent salary increase of 0.60% with a minimum increase of EUR 220; ■ a specific budget of EUR 1 million for gender equality purposes. In 2011, new negotiations on the value-added-sharing bonus for 2010 took place and resulted in the payment of EUR 690 to all employees.	BNP Paribas SA in mainland France
17. Social security taxes	
See Chapter 4 of the Registration document, note 7 *Salaries and employee benefits*.	
The Group's social security taxes 2011 totalled EUR 3,724 million.	Group

NRE indicator – 2011	2011 scope
18. Application of the provisions of Title IV, Book IV of the French Labour Code (incentive and profit-sharing plans, employee savings plans)	
See section of the Registration document entitled *A range of benefits reflecting a responsible view of a long-term working relationship,* and Chapter 4 *Salaries and employee benefits.*	
In 2011, profit-sharing and incentive amounts accruing to employees amounted to EUR 239 million, or a minimum of EUR 3,938 and a maximum of EUR 10,571 per employee (on a full-time employee basis).	BNP Paribas SA
The amount of shares taken up under the 2011 new share issue reserved for employees was EUR 267.8 million, with an overall participation rate of 36% (up 5 points). The participation rate in each geographical area was as follows: France: 57%; Asia: 55%; Oceania: 31%; Middle-East: 35%; North America: 26%; Rest of Europe: 18%; Latin America: 17%; Africa: 7%. The geographical breakdown of staff outside France who took part in the plan was as follows: Rest of Europe: 66.6%; Asia: 19.9%; North America: 4.9%; Latin America: 3.4%; Africa: 2.7%; Oceania: 1.4%; Middle East: 1.0%	Group
19. Gender equality in the workplace	
See section of the Registration document entitled *Promoting diversity.*	
53% of BNP Paribas employees worldwide are women (based on physical headcount).	Group
The physical headcount of the Group in France comprises 44.1% of men and 55.9% of women. The proportion of female executives has continued to rise: ■ 43.9% in 2010; ■ 44.4% in 2011.	France
The physical headcount is composed of 19,369 men and 25,906 women (versus 19,057 and 25,388 respectively at end-2010). The company agreement of 9 April 2004 on gender equality, replaced by the agreement of 30 July 2007, sets out the principles that should be followed in observing and developing equal opportunity and treatment between men and women at all stages of professional life. In 2011 BNP Paribas SA appointed an equal opportunity Ombudsman, providing at national level a review for individual cases where employees believe they are being discriminated against. Training is also provided to HR practitioners in dealing with employees who believe they are being discriminated against. The proportion of female executives has continued to rise: 34.2% in 2001; 35.7% in 2002; 36.9% in 2003; 37.7% in 2004; 38.8% in 2005; 40.3% in 2006; 41.4% in 2007; 43.1% in 2008; 44,0% in 2009; 44.6% in 2010; 45.2% in 2011.	BNP Paribas SA in mainland France
The proportion of female executives receiving promotion has varied as follows: 54.7% in 2002; 55.6% in 2003; 55.8% in 2004; 57.1% in 2005; 58.1% in 2006; 58% in 2007; 59% in 2008; 59.6% in 2009; 60.6% in 2010; 61.2% in 2011.	BNP Paribas SA in mainland France
In 2011, at BNP Paribas in France, 40% of appointments to management positions and executive positions were women, compared with 39% in 2010, 38% in 2009 and 32% in 2008.	France
20. Employee relations and collective bargaining	
See section of the Registration document entitled *High-quality social dialogue.*	
In 2011, as in previous years, there was constructive dialogue with employee representatives within BNP Paribas. The Labour Rights Commission, BNP Paribas SA's labour negotiation body, met on 22 occasions, and 6 new agreements were signed with trade unions. 65 agreements were signed in the 10 main French subsidiaries excluding BNP Paribas Real Estate.	France
In Belgium, 14 collective agreements were signed, including 6 fundamental ones. In Italy, 25 agreements were signed. In Luxembourg, a new collective agreement covers the entire banking industry.	Belgium, Italy, Luxembourg

NRE indicator – 2011	2011 scope
21. Health and safety	
See section of the Registration document entitled *Protecting employees' health.*	
■ The number of occupational accidents resulting in sick leave amounted to 583, i.e. a rate of 3.22%. ■ Medical assistance to employees who are victims of attacks: In 2011, 29 employees received medical assistance after an attack. Four of them were referred to specialists for psychological help. ■ Training for medical staff and refresher courses for first-aid workers: ▪ Training for monitors (2 physicians) over 3 days; ▪ Training for first-aiders in the workplace, run by 2 physicians and 1 nurse from the Occupational Health Department: 128 on initial training and 305 on refresher courses. ■ Prevention and management of psychosocial risks ▪ Medical observatory for monitoring stress, anxiety and depression (OMSAD): since 2008, 24,959 employees have completed the questionnaire designed to identify employees at risk; ▪ Psychological support service: 15 cases handled in 2011; ▪ Stress, Information and Support hotline for employers: 9 calls received since the service was introduced on 1 December 2010; ▪ Consultation service introduced in September 2010 enabling employees with psychological troubles to consult an external physician, on the referral of the occupational physician: 166 appointments made by 95 people since September 2010; ▪ Incivility in bank branches: identifying uncivil behaviour and training the employees concerned (10,000 employees trained in French Retail Banking, including 2,890 in 2011). ■ Other preventive actions ▪ "Prevention of cardiovascular disease" forum organised for employees at 5 venues: 100 cardiovascular tests carried out, 190 people shown how to use a defibrillator; ▪ Influenza vaccination campaign: 2,448 vaccinations; ▪ Programme for continued employment of seniors: 2,574 annual medical visits for employees aged 55 and over (Paris, Paris region and Lyon); ▪ Musculoskeletal disorders: "movement and posture" training run by a nurse: 120 people trained in 2011; ▪ Hearing: detecting hearing problems for employees working in call centres, with 254 tests carried out in 2011, making a total of 4,857 hearing tests carried out for all employees monitored by the Occupational Health department; ▪ Colorectal cancer screening with the Hemocult test offered to employees aged 50 plus; ▪ Screening for glaucoma and diabetes. ■ 1,278 people took part in the blood donation drive.	France
22. Training	
See section of Registration document entitled *Sustained efforts in skills development*.	
For the 2011-2012 academic year, the number of people enrolled on training courses leading to a recognised qualification was: 265 for the *Brevet Professionnel* (BP) banking diploma (245 in 2010-2011); 394 for the BTS banking diploma (355 in 2010-2011) and 248 for the *Institut Technique de Banque* (ITB) diploma (224 in 2010-2011).	France
In 2011, 9,042 employees applied for training under the DIF (Individual right to training) scheme. The average number of training hours per employee was 37.7.	BNP Paribas SA in mainland France
In 2011, 37,185 employees followed e-learning courses made available by various entities on the Group's platform; 81,588 modules were completed.	Group

NRE indicator – 2011	2011 scope
23. Employment and integration of persons with disabilities	
See section of the Registration document entitled *Promoting diversity*.	
At end-2011: ■ BNP Paribas SA employed 983 people with disabilities (versus 893 in 2010, 850 in 2009, 754 in 2008 and 730 in 2007) and recruited 59 in 2011 (versus 48 in 2010 and 41 in 2009, or 170 in 4 years), with an employment rate of 2.8% (2.6% in 2010); ■ the number of beneficiary (handicap-equivalent) units (BU) was 1,147 and the number of additional units generated by work outsourced to ESATs (support through work organisations) was 18, making a total of 1,165 BUs versus 1,066 in 2010; ■ 138 employees with disabilities benefited from employment continuation measures (versus 122 in 2010). An agreement on employment and inclusion of persons with disabilities was signed in 2008 for four years and renewed in 2011 for a further four years from 2012-2015. This agreement is part of BNP Paribas' overall non-discrimination and diversity initiative, and it follows up on commitments made by the Group when the Diversity Charter was signed in 2004. It expresses all parties' desire to see BNP Paribas implement a proactive long-term policy in favour of the employment and inclusion of persons with disabilities. It calls for actions in four areas: ■ develop a recruitment plan for persons with disabilities in the ordinary work environment; ■ improve conditions for bringing persons with disabilities into jobs by offering appropriate working conditions, access to professional training and technological accommodations; ■ seek out stronger partnerships with the sheltered work sector; ■ an ongoing focus on key considerations for maintaining persons with disabilities in employment. The Group keeps an active list of organisations in the sheltered work sector so that subcontractors of Group entities can be referred to and encouraged to call on such organisations.	BNP Paribas SA in mainland France
Belgium: total number of disabled employees at end-2011: 59	BNP Paribas Fortis
Italy: total number of disabled employees at end-2011: 532	BNL Group
Luxembourg: total number of disabled employees at end-2011: 35	BGL BNP Paribas
24. Social and cultural activities	
Social and cultural activities that are national in scope are managed by the Central Works Council. Local service activities are managed by local works councils. Services include children's summer camps and organised holidays for staff, contributions to meal expenses, family welfare, lending libraries for books, records, videos and other media, and discounts for theatres and cinemas. A sports and cultural group gives employees the opportunity to take part in a variety of team sports and cultural activities. A breakdown of BNP Paribas SA's contributions to cultural and social activities is provided in its Social audit. The 2011 budget for social and cultural activities was estimated EUR 96.81 million (versus EUR 93.55 million in 2010).	BNP Paribas SA in mainland France

7.3 NRE appendix – community involvement chapter

NRE indicator – 2011	2011 scope
25. Group relations with the community, including associations committed to the fight against social exclusion, educational institutions, environmental and consumer associations, and local residents See section of the Registration document entitled *Pride in belonging*.	
Corporate sponsorship covers more than 530 programmes with a global annual budget of EUR 24 million in 2011 (EUR 21 million in 2010).	Group
Over the years, BNP Paribas SA's local banking network in France has been involved in more than 1,500 formal or informal voluntary partnerships with various organisations. Through relationships with more than 1,000 education institutes, the Group offers internships, apprenticeships and work experience for young people. It has developed 500 partnerships designed to promote the sporting, cultural and artistic initiatives of young people, as well as local projects that enable them to develop their employability, fight against social exclusion and preserve the environment. ***Projet Banlieues:*** launched in 2006 under the aegis of the BNP Paribas Foundation in close cooperation with the branch network in France, *Projet Banlieues* provides long-term support for disadvantaged neighbourhoods through three main focuses: ■ job and business creation in association with the *ADIE* (a non-profit association providing microcredit to the unemployed): over six years, the project has financed the opening of twelve lending centres throughout France. In 2011, 1,097 micro-loans were granted by these centres, financing almost 660 business start-ups; ■ tutoring and coaching: in partnership with *Afev* (a non-profit association working for education), close to 1,400 school children living in disadvantaged neighbourhoods received educational assistance thanks to the efforts of 1,000 additional student volunteers; ■ support for community projects: the BNP Paribas Foundation and the Bank provided help to 122 community projects, including 57 new ones in 2011, mainly involving education, training and professional inclusion through sport and culture. ***Odyssée Jeunes:*** launched in 2009 by the BNP Paribas Foundation in partnership with the *Seine-Saint-Denis* departmental authorities, this programme helps to finance school trips organised by secondary schools in the district. In 2011, the programme financed 50% of the cost of a total of 421 trips involving almost 18,000 children, reducing the parents' contribution by a half. ***Cartooning for Peace:*** created by cartoonist Jean Plantu, this association aims to better promote understanding and mutual respect between people with different religious beliefs or cultures, through press cartoons. In 2011, an exhibition was organised for students at the *Institut d'Études Politiques*. ***Le Bal:* chaired by Raymond Depardon,** Le Bal is a place dedicated to real life portrayal: photography, cinema, video, new media, etc. Its activities include temporary exhibitions, publishing, debates, meetings/discussions, education and training in interpreting images for young people (especially the most underprivileged). The BNP Paribas Foundation and BNP Paribas Wealth Management provide them joint support for the education and learning support programme called ***"La fabrique du regard".*** **Mediation of banking disputes:** BNP Paribas is one of the few financial institutions to have committed since 2003 to follow the recommendations and opinions of the ombudsman in any and all cases. In March 2009, in response to the needs of its small business customers, BNP Paribas decided to introduce a separate mediation procedure and ombudsman for small business owners with the same role and responsibilities as the retail banking ombudsman appointed in 2001. In 2010, the role of these ombudsmen was extended and through their reports they contribute to driving the Bank forward by settling an increasing number of disputes on an equitable basis. **Links with educational institutions:** ■ the Group has a very active 'campus management' policy, with over 100 events organised at educational institutions in 2011, increasing the flow of applicants for pre-recruitment (internships, VIE, work-study) to nearly 72,000 candidates; ■ under partnership agreements or as part of specific projects, groups of BNP Paribas branch offices maintain very close relationships with almost 500 schools and more than 120 associations as well as relations with neighbouring communities. These partnerships generally extend beyond purely commercial relationships, offering financial, technical, educational or organisational support for projects undertaken by partners; ■ BNP Paribas awarded EUR 750,000 in grants to schools located in underprivileged urban areas as payment of the apprenticeship tax in France. These funds were used for the purchase, hire and upkeep of teaching and professional equipment and facilities.	France
Support for associations: As a financial partner to associations and NGOs, the Bank offers them a high-interest rate savings account and free online banking services. To make a tangible contribution, it provides NGOs with no-charge account holding, special terms for money transfers, payment of a bonus representing 10% of the total amount of annual interest earned by their savings account and exemption from front-end fees on the Bank's investment funds.	Luxembourg

NRE indicator – 2011	2011 scope
26. Contribution to regional development and employment BNP Paribas is a European banking group, with four domestic markets in France, Belgium, Italy and Luxembourg, and operations in 79 countries.	Group
It has almost 200,000 employees of 166 different nationalities, including 155,400 in Europe, 19,100 in America, 12,700 in Asia, 8,400 in Africa, 2,200 in the Middle East and 600 in Oceania.	
The Group therefore contributes to local growth both as an employer and as a financial services provider to the economy through its banking business. For more than ten years, BNP Paribas has ploughed two thirds of its earnings back into the Group to increase its ability to support its clients. The Bank has thus become one of the largest retail banks in Europe and supports some 24 million personal and business clients worldwide.	France
DOMESTIC MARKETS	
France: French Retail Banking strives constantly to better serve its customers, especially its entrepreneur customers in order to promote economic development and job creation. For more than two years, BNP Paribas has taken many actions and initiatives to support small and very small businesses in their activities, mainly through the *Maisons des Entrepreneurs* centres (the 46th centre opened in 2011), an innovative initiative that brings together all sales and commercial resources dedicated to entrepreneurs and SMEs under a single roof. Business owners can therefore manage all their professional and personal needs in one place. Furthermore, in France BNP Paribas has also reaffirmed its commitment and ability to provide its clients with the financing they need. In 2011, BNP Paribas granted more than EUR 6 billion of new medium and long-term loans to micro-businesses and independent SMEs. More than 77,000 loan applications were made, an increase of more than 4% from the previous year.	France
Italy (BNL): In June, BNL signed an agreement with the European Investment Bank for a EUR 50 million loan designed to finance business development projects at preferential rates. In September, BNL signed an agreement with *Cooperfidi Italy*, a consortium promoted by the Italian Cooperatives Association. The agreement will enable the bank to provide up to EUR 100 million in financing to 3,000 cooperatives. In November, BNL signed a partnership with Eurofidi for an amount of EUR 30 million to finance businesses based in Campania, and an agreement with Valfidi for an amount of EUR 10 million to support its 3,000 members based in the Aosta Valley. In December, BNL signed an agreement with the European Investment Fund to promote the growth of SMEs in Sicily. The total amount to be made available is EUR 110 million, with EUR 44 million coming from the EIF and EUR 66 million from BNL on preferential terms.	Italy
Belgium (BNP Paribas Fortis): In December 2011, the European Investment Bank (EIB) and BNP Paribas Fortis signed a new partnership agreement creating a pool of EUR 150 million for lending to SMEs in Belgium. Demand from businesses under the previous agreements of August 2009 and December 2010 was very strong and almost the entire capacity was used up. In line with the first two campaigns, the BNP Paribas Fortis branches will pass on EIB funds though loans to SMEs to support their investment projects. The EIB provides these funds through its "Loans for SMEs" scheme. The new EIB-BNP Paribas Fortis financing line will replace the initial lines totalling EUR 300 million used in 2009, 2010 and 2011 for Belgium SMEs. In addition, BNP Paribas Fortis supports business start-ups through the Bryo (Bright & Young) programme, a business incubator developed jointly with the Flanders and Brussels Chambers of Commerce and four other founding members. Through its training, coaching and networking programme, Bryo helps bright young entrepreneurs (aged 18–36) to launch their own business. Since the end of 2010, Bryo involved 265 participants and 53 business start-ups.	Belgium

NRE indicator – 2011	2011 scope
INTERNATIONAL	
Tunisia (UBCI): UBCI branches resumed normal opening hours on 7 February 2011. To underline the return to business as usual, a lending campaign was launched to help small businesses weakened by the events in Tunisia. A total of EUR 15.5 million was earmarked for lending to sole traders, small businesses and licensed professionals. The campaign was part of the action plan drawn up by UBCI's sales and marketing department and helped the Tunisian economy to get back on its feet.	
Poland (BNP Paribas Polska): BNP Paribas Polska was voted best bank for SMEs by *Forbes* on 22 September 2011. It obtained the highest score (five stars) in the annual league tables of best banks for business unveiled at the banking congress held on 22 September by *Forbes* and *Newsweek*. *Forbes* assesses a bank's business banking services on four criteria: cost of services for SMEs, best loan offer, best deposit accounts and quality of customer service. Idea Bank and Millennium Bank ranked equal best with BNP Paribas Polska.	Group
27. Outsourcing and the Bank's policy with subcontractors: steps to ensure that subcontractors comply with International Labour Organization (ILO) standards	
For contracts signed with suppliers, the Group's Procurement department Policy recommends that all entities in France and elsewhere use standard contracts that include specific contractual provisions relating to compliance with social practices. These standard provisions require suppliers to comply not only with the applicable local law but also with fundamental International Labour Organization (ILO) standards and particularly those on minimum age, child labour, the right of association, collective bargaining, forced or compulsory labour, gender equality and non-discrimination. They also require suppliers to implement their social policy in all countries where it operates and to require the same from their own suppliers, sub-contractors and distributors.	Group
Similarly, in mid-2010 the Procurement department introduced a CSR questionnaire about the supplier's environmental and social policy in all tender calls posted on its eSourcing platform. The social section covers the supplier's policy on equal opportunity and non-discrimination (disability, equality, age diversity, diversity of origin, etc.). The answers to the questionnaire have a direct bearing on the ultimate selection of suppliers.	France
Lastly, as part of the renegotiations of the Company agreement on disability employment out to 2015, the Group Procurement department launched a project in mid-2011 to increase the amount of BNP Paribas SA's purchases from the sheltered work sector in France.	
27 b. Outsourcing and assessment of suppliers on ESG criteria BNP Paribas is aware of the importance of CSR policies pursued by its suppliers. Since mid-2010, a questionnaire on their social and environmental policy has systematically been included in tender calls posted by the Group Procurement Department on its eSourcing platform.	International
The questionnaire contains 11 questions covering 7 issues: ■ Global Compact ■ Q1 – Membership of the Global Compact ■ Policy/charter ■ Q2 – Existence of an overall CSR policy ■ Q3 – Three major focuses of their CSR policy ■ Social ■ Q4 – Existence of a proactive policy on equal opportunity and non-discrimination ■ Q5 – Description of the two or three main initiatives implemented ■ Environment ■ Q6 - Existence of an environmental policy ■ Q7 - Description of the two or three main initiatives implemented ■ Sustainable sourcing ■ Q8 - Existence of a sustainable sourcing policy ■ Q9 - Description of the two or three main initiatives implemented ■ Supporting documents ■ Q10 - Annual CSR report or sustainable development policy/charter ■ General ■ Q11 - Actions taken or changes made since the last assessment	Group
The questionnaire has a weighting of at least 5% in the supplier's overall assessment. By the end of 2011, more than 500 suppliers were rated through this questionnaire while answering the Group Procurement Departement tender calls.	International

NRE indicator – 2011	2011 scope
28. Steps taken by the Bank to ensure that subsidiaries comply with ILO standards In addition to the management controls required by the Group's internal control system, internal audit and inspection teams are responsible for verifying compliance with the directives. In 2008 the Group's CSR audit methodology was overhauled: the reference documents and methodology guides were updated to take more systematic account of the stakes and issues that Group entities encounter in France and other territories. A whistleblower hotline enables employees to report any compliance risks they may encounter.	Group
29. Steps taken by foreign subsidiaries to address the impact of their business on regional development and local communities All Group subsidiaries are part of a division and must contribute to fulfilling its strategy, implementing its policies and exercising its social responsibility. The levels of remuneration provided by BNP Paribas to employees, particularly in emerging countries, and benefits such as health insurance and death/disability coverage, help raise standards of living for employees' families and communities. The Group makes limited use of expatriate staff, giving local staff the opportunity to take up managerial functions and other positions of responsibility.	Group
30. Support for microfinance institutions As a socially responsible bank, BNP Paribas considers microfinance as one of the most powerful ways of combating poverty and exclusion. For this reason, the Group has been investing in development and promotion of microfinance for more than fifteen years.	France
In France, BNP Paribas partners with *Adie*, PlaNet Guarantee (micro-insurance subsidiary of PlaNet Finance group) and *Financités*, a venture capital company that acquires and manages portfolios of investments mainly in French companies with an industrial or commercial business in disadvantaged neighbourhoods. Through its Foundation, BNP Paribas supports community projects in underprivileged areas. *"Projet Banlieues"*, launched in 2006, is the lynchpin of these various schemes: 12 Adie branches have been financed. In 2009, the Bank created BCS *(Bénévolat de Compétences et Solidarité)*, an association that promotes skills-based volunteering by the Group's active and retired employees. BCS encourages them to share their knowledge with business start-ups financed by the Adie. So far, nearly 300 people joined the association and 150 have joined *Adie*. Since 2007, BNP Paribas Personal Finance has supported the development of personal microfinance guaranteed by the *Fonds de Cohésion Sociale*. At the end of 2011, it had granted more than 253 microloans totalling EUR 507,127.	International
BNP Paribas is also very active outside France: during 2011, some thirty professional, socially committed microfinance institutions (MFIs) were financed in 19 countries. This year, given the crisis situation in the developed countries, BNP Paribas has strengthened its support for MFIs in western Europe and has forged key partnerships with the following: ■ Permicro, the Italian leader in financing for people who are excluded from mainstream lending; ■ Microstart in Belgium, created by *Adie*, BNP Paribas Fortis and the European Investment Fund; ■ Fair Finance in the United Kingdom, which provides a range of financial products and services designed to meet the needs of people who are financially excluded. Lastly, *MicroFinance Sans Frontières* (MFSF) provides skills-based volunteering to MFIs in emerging countries, enabling them to benefit from the banking skills and qualifications of BNP Paribas's active and retired employees. Since its creation in 2009, more than 60 technical assistance assignments have been organised on site with a large number of partner organisations. More than 200 people have volunteered in France, Belgium, the UK, the USA and Argentina, soon to be joined by Luxembourg and Tunisia.	Group

Overall, BNP Paribas has provided a total of EUR 47.9 million to these microfinance institutions including:
■ financing (loan authorisations) in France, the UK and emerging countries (EUR 42.4 million);
■ grants (cash) in France and in the USA (EUR 1.37 million);
■ investments (equity) in France, Italy and Belgium (EUR 4.1 million by the end of 2011) broken down as follows:
  ■ Permicro: EUR 1,500,000
  ■ Microstart: EUR 950,000
  ■ PlaNet Guarantee: EUR 625,000
  ■ Financités: EUR 1,000,000	

NRE indicator – 2011	2011 scope
31. SRI assets under management As early as 1997, BNP Paribas developed expertise in Socially Responsible Investment, an investment strategy that aims at taking social and environmental factors into account in addition to classic financial return. The SRI teams systematically screen funds managed or advised by BNP Paribas based on Environmental, Social and Governance (ESG) criteria. There are two major investment approaches: "best in class", which focuses on issuers who have demonstrated the best ESG practices, and themed-based investment focusing on businesses involved in environmental protection and/or social well-being. BNP Paribas Investment Partners offers a range of diversified funds, totalling EUR 15.1 billion of assets managed and advised. These volumes have remained stable compared with the previous year, despite the poor financial context. In 2011, BNP Paribas Investment Partners obtained the Novethic SRI label for 16 of its funds. This label, which is awarded to open funds registered in France, aims to encourage transparency in the investment process and composition of SRI funds. It is only awarded to funds with an extra-financial reporting system and which are based on a systematic analysis of ESG criteria. It represents a reliable benchmark for investors. The range of Novethic-approved SRI funds offered by BNP Paribas Investment Partners now includes a full range of best in class equity and bond funds, as well as several theme funds. Lastly, throughout the year BNP Paribas took part in many campaigns to raise awareness about SRI, both internally (dedicated Intranet and Internet sites) and externally (participation in the SRI week and the investment forum, publication of a responsible investment guide, client e-mailing, events in bank branches).	Group
32. Improving access to banking services in emerging markets BNP Paribas, through Europe-Mediterranean (EM), facilitates access to banking services for people in emerging markets (North Africa, Egypt, sub-Saharan Africa, Central and Eastern Europe). Banks in the EM network have strong local roots and often operate under a local brand name. They capitalise on the Group's strength and expertise to offer the best possible service and support to personal, small business and corporate clients over the long-term. The Group has developed specific packages to provide people in emerging countries with banking services, the two key ones being: ■ mobile banking, which enables people without bank accounts to make simple banking transactions using their mobile phone. By the end of 2011, BNP Paribas had 2.3 million mobile banking subscribers in Côte d'Ivoire, Senegal and Mali; ■ a mass retail package, known as *Mertah* in Morocco, which includes a regular bank account and debit card, giving customers easy and inexpensive access to basic banking services. In addition, in response to the events in Côte d'Ivoire, BNP Paribas launched a specific campaign in this country called "Ensemble Redémarrons". It included three lending products offered from May to July 2011: a 12-month interest-free loan up to a maximum of CFA 1 million, a three-year loan and a 60-month loan at preferred rates compared with the standard 15.50%. Overall, 4,410 loans were granted over that period totalling CFA 6.2 billion (about EUR 9.4 million).	International

7.4 NRE Appendix - environmental chapter

NRE indicator - 2011	
Scope	*The Group figures provided below have been extrapolated from the data compiled from the reporting scope, i.e. 17 countries representing 82.1% of the total 198,423 full-time equivalents (FTEs) managed by the Group at 31 December 2011.*
1. Water consumption	**The Group's total water consumption in 2011 was 6.78 million m³.** Average water consumption per FTE amounted to 34 m³. Actual water consumption levels vary substantially from country to country, reflecting conditions in each geographical area and variations in water systems. Several entities have set up water economy systems or rainwater recovery systems for non-food use, in particular in regions of the world where water sources are scarcer than in others.
2. Raw material consumption	The Group consumes raw materials through its purchases of real estate, furniture and furnishings, office equipment, IT equipment, etc., which form part of a continuous optimisation approach. **Green purchases** (products with an environmental label) represented 10.2% of the Group's total purchases of office supplies (vs 10.6% in 2010). The Group consumed **37,739 tonnes of paper in 2011,** i.e. **190 kg per FTE** (up 9% vs 2010). This includes reams of paper, paper rolls used at printing centres, envelopes and paper purchased by printers for BNP Paribas jobs. **Responsible paper** (more than 50% recycled or carrying the FSC or PEFC label) represented 39.1% of total paper purchases (vs 30.5% in 2010). A **"consume less, consume better, sort more"** paper policy was adopted in 2011 and gives Group entities guidance on how they can contribute to the targets set by the Group for 2013: **20% less** internal paper per FTE vs 2010, **10% less** client paper per client, **40%** responsible paper in consumption of internal paper, **100%** responsible paper in consumption of client paper, **10% more** internal paper collected for recycling. This policy is accompanied by a **"Print less, print better"** policy, which makes recommendations as regards the choice and use of printing equipment throughout the Group.
3. Energy consumption	To heat and light its **buildings** and power its equipment (PC, Data Centres, printing, telephony, other), in 2011 the Group consumed **1,950 GWh (vs 2,039 GWh in 2010)**, comprising **73.1% in electricity, 17.5% in natural gas, 3% in fuel oil, 4.4% in urban heating** and the remainder in urban cooling and renewable heat generated and consumed on site. Business travel is another source of energy consumption, amounting to **987 million km (or 4,979 km per FTE)** in 2011 comprising **65.3% in air travel, 22.0% in car travel and 12.7% in train travel**. In 2010, the total was 984 million km with a fairly similar breakdown between the various forms of travel.
4. Measures taken to improve energy efficiency	The Group has endorsed the WBCSD (World Business Council for Sustainable Development) **Manifesto for Energy Efficiency in Buildings**, committing it to a global approach throughout all its premises covering both lighting and heating systems. Thus in France, **electricity consumption in the branches was reduced by 13% from 2009 to 2011** as part of the ISO 14001 certification process for the "Welcome and Services" model. For example, all branches are now equipped with lighting systems that have daylight sensors and switch the lights on or off automatically as needed. Two Paris buildings have been certified ***HQE Exploitation*** (buildings operations and maintenance) and a master agreement has been signed with a certification organisation to extend this project much further in the future. At the end of November 2011, 38 branches and buildings in Luxembourg were equipped with a new computerised system to measure electricity, gas, fuel, water and urban heating consumption in real time, **helping to optimise and therefore reduce consumption.** After the Fukushima nuclear disaster in Japan, measures taken by Cardif Japan, BNP Paribas Cardif's Japanese subsidiary, to reduce electricity consumption exceeded the targets set by the Japanese government by 15%, **dropping by 31%** in just three months. Light bulbs have been replaced by LED bulbs and thermostats have been set at 28°C from June to September to reduce the use of air conditioning. In parallel, the Group endeavours to reduce the consumption of its **information systems:** integration of energy criteria in its tender invitations for PCs and screens, installation of power saving software to reduce PC energy consumption (e.g. Interact, which was installed on 1,500 PCs in the French branches at end-2011), renewal of ISO 14001 certification of BNP Paribas Partners for Innovation (BP²I) which manages all BNP Paribas' Data Centres in France and the vast majority of its workstations.

NRE indicator - 2011	
5. Use of renewable energy sources	**Renewable energy represented 9.3%** (vs 10.6% in 2010) of the Group's total energy consumption in its buildings (i.e. excluding transport). Renewable electricity (kWh with a "green certificate", i.e. a contract certifying that a specified amount of green electricity has been allocated "virtually" to the consumer) represented 180 GWh or 12.6% of total electricity purchases. Since the signature of a partnership between BNP Paribas and the Idroenergia consortium in August 2011, CIB branches and Security Services in Italy use 4 GWh/year from hydroelectric power stations in the Aosta Valley. Some of the Group's buildings are equipped with **photovoltaic panels** and produce renewable energy. In 2011, 14 MWh were produced at Scandicci in Italy, 20 MWh at Bruges in Belgium and 25 MWh in Hawaii.
6. Land use	For real estate development projects on behalf of its clients, the Group hires a specialised consulting firm to conduct a diagnostic review of the extent of soil contamination. A soil identification programme is developed, contamination studies are performed using tests and analyses, and a soil report is drawn up. The Group uses the findings of the contamination evaluation to perform any remediation work necessary to ensure that soil meets applicable regulatory requirements.
7. Emissions into air, water and soil	**Greenhouse gas emissions** are carefully measured by converting the energy consumption in the buildings (heating, air conditioning, lighting, IT power supply) and in employee business travel (plane, train, car) into tonnes of CO_2 equivalent (t CO_2-e, including all six greenhouse gases covered by the Kyoto protocol). On this basis, **the Group's emissions in 2011 amounted to 673,543 t CO_2-e** (i.e. **3.39 t CO_2-e per FTE** vs 3.42 in 2010) comprising 75% in its buildings and 25% in business travel. Air and soil pollution is not significant for a services group like BNP Paribas.
8. Noise and odour pollution	**No legal proceedings connected with noise or odour pollution were brought against the Group in 2011.** BNP Paribas Real Estate consistently seeks to limit the environmental impact of its property development schemes in terms of noise and odour pollution and engages in dialogue with community residents. As building infrastructures can be a source of noise pollution, the Group selects equipment offering the best available acoustic performance. Specific tests are performed upon completion of construction and, if required, additional measures are taken to comply with applicable noise regulations. Locations of air intake and discharge vents are chosen with regard to neighbouring buildings and dominant wind patterns. Choices concerning building methods, construction machinery and the manner in which construction waste is managed are made with the objective of minimising the impact of building work on the immediate environment.
9. Waste processing	The Group generated **37,240 tonnes of waste in 2011** (excluding office furniture), i.e. **188 kg per FTE** (vs 183 in 2010). The **percentage of waste recycled or processed** for re-use was **34.6%** (vs 27.7% in 2010). Paper waste sorted to be recycled amounted to **59 kg per FTE.** Paper sorting and collection for recycling is **practised widely** throughout the branches and head office buildings in **France** and **Belgium.** In addition, the Group's paper policy sets out the Group's targets for recycling used paper: +10% of internal paper sorted and collected for recycling in 2013 vs 2010, +30% in 2015 vs 2010. Regarding the recycling of lighting fixtures, aluminium sockets and the glass from fluorescent light bulbs used in most offices in France are also recycled and the gas is reprocessed in head office buildings. Still in France, almost 100 tonnes of ink cartridges were collected in 2011 either for re-use by the manufacturers or for recycling or used to produce energy. Some entities sort and collect organic waste from their company restaurants, which is recycled to produce biogas or biodiesel. An internal policy dealing with **obsolete computer equipment** was also drawn up in 2011 and became effective in early 2012. It aims to minimise the environmental impacts of the Group's old computer and printing equipment, preferably through reconditioning but otherwise by recycling as many of their components or raw materials as possible.
10. Measures taken to avoid disruption to the biological balance	The direct impacts of banking activities on the biological balance mainly come from energy consumption and the resulting greenhouse gas emissions, and the consumption of raw materials. The Group therefore focuses on **controlling its energy consumption** and on its "consume less**,** consume better, sort more" **paper policy**, as described above, to reduce its impact on the biological balance. In the same vein, in France only Bisphenol-A free paper is ordered for the Bank's ATMs. The Group has also implemented **internal policies governing its financing** in environmentally sensitive areas such as the manufacture of palm oil, nuclear power plants, coal-fired power plants, manufacture of paper pulp, and essential agricultural materials (see heading no. 16).

NRE indicator - 2011	
11. Measures taken to ensure compliance with legal requirements	**The Group Compliance Function**, whose Head sits on the Executive Committee and of which the CSR Delegation is part, has a broad role and wide powers in coordinating the Group's internal control system. Group Compliance circulates Group-level directives regarding permanent internal control and monitors the functioning of the Internal Control framework in the Group's entities. Compliance with CSR regulatory requirements forms an integral part of this internal process. The Group **actively monitors** developments in environmental regulations and includes them immediately in its procedures and directives. Several enforcement Decrees arising from the Grenelle II law in France are due to come into effect in 2012, which could change how the Group manages its CSR reporting. In anticipation of these changes, the Group has updated its Environmental Reporting Protocol, implemented a Greenhouse Gas Accounting Protocol and rolled out a software solution dedicated to environmental reporting.
12. Steps taken towards environmental evaluation and certification	**The following entities were ISO 14001 certified at 31 December 2011:** ■ 1,590 branches and 133 Private Banking Centres in France under the Welcome & Service programme; ■ BNP Paribas Éditique in France; ■ BP^2I in France, which encompasses the three main Data Centres in France and the workstations under its management; ■ BNP Paribas Factor in France; ■ Personal Finance Automobile Business in France; ■ BNP Paribas Real Estate in the United Kingdom; ■ Arval in the United Kingdom, Italy, France, Hungary and the Netherlands; ■ BNP Paribas Fortis Facilities in Belgium; ■ Türk Ekonomi Bankasi (TEB) in Turkey. These entities represent **20,795 employees**, almost **double** last year's level of 11,880. Other entities are expected to obtain ISO 14001 certification in 2012.
13. Expenditures incurred to prevent environmental consequences of business activity	**Green purchases** (products with an environmental label) represented 10.2% of the Group's total purchases of office supplies, vs. 10.6% last year. Similarly, **responsible paper** (more than 50% recycled or carrying the FSC or PEFC label) represented 39% of the Group's total paper purchases, vs. 30.5% last year. With **64 high definition video conference** rooms (versus 45 last year) and **11 telepresence rooms** worldwide, the Group offers its employees an effective and low environmental impact alternative to travelling.
14. Internal department for environmental management	The CSR Delegation's **environment team** defines and oversees the Group's environmental policy under the responsibility of the Group Environment Manager and in coordination with the **CSR/Environment Managers** in the divisions and entities, the Group functions, among them the Group **ITP** (Information, Technology and Processes) department, which manages IT (PCs and Data Centres) for a large part of the Group and the buildings occupied by the Group in France, and the Group Procurement department. Environmental reporting involves more than **one hundred contributors** and more than **seventy validators** at global level. Still within ITP, a team is dedicated **to rolling out the ISO 14001 certification** approach within Group entities and helped to achieve the results set out in section 12 above. The **Corporate Real Estate Steering Center** (CREST) is a central Group entity that serves as a centre of expertise for local managers responsible for the administration of premises - branches and offices. Since its creation in 2010, CREST has incorporated CSR/environmental expertise in order to systemically implement best practices in terms of energy efficiency in the Group's buildings. Since 2009, the **Procurement** department has had CSR/environmental expertise to ensure that environmental issues are taken into account in all supplier relationships. Lastly, in 2010**,** a **Climate Change Steering Committee**, led by the Executive Committee member responsible for CSR, was set up to oversee all the programmes designed to reduce the Group's direct and indirect climate impacts.
15. Environmental training and information programmes for employees	BNP Paribas provides an **online CSR training module** (in French and English) to raise general employee awareness about CSR issues and the Group's policy in this field. Participants are set six "tasks", such as identifying the factors that help reduce the Bank's direct impacts on the environment, selecting a financing operation that takes account of its environmental and social impact, or building up a portfolio of social responsible investments (SRI). This module is also included in the induction course for joiners. A CSR training course completed in 2011 enabled **67 Group buyers** to strengthen their consideration of environmental and social issues in their day-to-day practices. The climate philanthropy programme (see heading no. 16) was accompanied by a major communication campaign to raise employee awareness of the issues and research programmes financed. Almost 6,500 employees voted for their favourite project online on the Company's Intranet and the winner received additional financing of EUR 50,000.

NRE indicator - 2011	
16. Resources dedicated to mitigation of environmental risks	As a responsible lender, BNP Paribas endeavours to reduce the environmental risks of its financial and investment activities. ■ The Group endorsed the **Equator Principles** in 2008. It systematically includes an extra-financial analysis in its project financing business and reports annually on the results. ■ The Group is also a member of the **United National Global Compact** and has endorsed its ten principles. ■ The Group has embarked on a process to **take better account of environmental and social risks in its financing and investment decisions.** This involves: ▪ developing **financing and investment policies** that aim to reduce environmental and social risks for the most sensitive sectors. In 2010, BNP Paribas published a policy on the palm oil industry. This led to some counterparties being excluded from the Group's financing and investment portfolio and to the Group becoming a member of the RSPO (Round Table on Sustainable Palm Oil). Other internal policies were drawn up in 2011 to govern the Bank's financing and activities in the nuclear sector, coal-fired power plants, paper pulp manufacturing and basic agricultural materials. These sector policies apply to all the Group's entities and businesses. A blacklist of the most controversial sectors has also been published (asbestos, PCB, species in danger of extinction, drift nets); ▪ implementation of Global Compact compliant **environmental, social and governance (ESG) standards** for the asset management business. All BNP Paribas Investment Partners' assets are now analysed; ▪ background work by risk management teams to **better evaluate environmental and social risks in financing activities,** regardless of the sector. ■ Reducing environmental risks also involves developing more **environmentally friendly products** such as renewable energy financing, SRI funds and the Carbon Finance team dedicated to researching and promoting market solutions for corporate clients seeking to fulfil their obligations to reduce greenhouse gas emissions in accordance with the Kyoto Protocol and European directives on CO_2 emission quotas. ■ The Group's subsidiaries are also engaged in environmental protection. For example, **BNP Paribas Real Estate** obtained *HQE* high environmental quality certification for all its new office development projects since 2007 and the equivalent *Habitat & Environnement* certification for all its residential development programmes since 2006. It is an active member of the International Sustainable Alliance (ISA), France Green Building Council (Board member), the HQE association (Board member) and the *Institut de la Performance Énergétique* (IFPEB). ■ BNP Paribas continues to take an active part in the various **marketplace groups and associations** to improve its knowledge about environmental risks and how to mitigate them. In this respect, it is a member of EpE (*Entreprises pour l'Environnement*, www.epe-asso.org), French partner to the World Business Council for Sustainable Development (WBCSD). ■ Lastly, as part of the Group's engagement in combating climate change, the BNP Paribas Foundation strengthened its action in the environmental field in 2011, launching a **philanthropy programme to support research on climate change,** its factors and potential impacts on our environment and lifestyles. In 2010, the BNP Paribas Foundation had already provided a EUR 100,000 grant to the **Subglacior** project that aims to study the history of the climate in order to better understand how it operates, using an innovative drilling technique on the Antarctic ice core. The three-year programme set up in 2011 has a budget of **EUR 3 million** and will support 4 further scientific programmes led by international research groups: ▪ **Access to Climate Archives:** processing, scanning and archiving old documents containing climatological observations to make them available to scientists the world over; ▪ **eFOCE:** implementing experimental underwater systems to understand and predict the consequences of ocean acidification on marine ecosystems; ▪ **PRECLIDE:** developing and applying climate change forecasting over the next thirty years; ▪ **Global Carbon Atlas:** developing an online tool that will provide comprehensive information on greenhouse gas emissions on a global scale.
17. Structure to deal with pollution incidents extending beyond the Company	Any crisis situation is managed by an **ad hoc committee** that includes top managers. This committee is responsible for ensuring that appropriate measures are taken and informing the relevant operating entities. Depending on the scale of the incident, information may be passed on to the entire Group, and there may be a call for assistance. As part of the process of validating the operational risk framework, detailed studies were performed to define and reinforce the Business Continuity Plan, in particular in the event of pollution discharges or accidents.
18. Amount of provisions and guarantees covering environmental risks	**USD 3.4 million.** The provision is for private litigation and is not intended to cover penalties for non-compliance with regulations.

NRE indicator - 2011	
19. Amount of compensation paid following legal decisions relating to the environment	The Group was not subject to any adverse court rulings on environmental matters in 2011 and did not pay any compensation following an environment-related legal decision.
20. Environmental objectives set for foreign subsidiaries	**All environmental policies and directives apply to the entire Group.** The businesses are responsible for implementing the Group's guiding principles throughout their reporting organisations, including subsidiaries, in all territories.

8 GENERAL INFORMATION

8.1 Documents on display

This document is available on the BNP Paribas website, www.invest.bnpparibas.com, and the *Autorité des Marchés Financiers* (AMF) website, www.amf-france.org.

Any person wishing to receive additional information about the BNP Paribas Group can request documents, without commitment, as follows:

- By writing to: BNP Paribas – Group Development and Finance
  Investor Relations and Financial Information
  3, rue d'Antin - CAA01B1
  75002 Paris
  France
- By calling: +33 1 40 14 63 58

BNP Paribas' regulatory information (in French) can be viewed at: http://invest.bnpparibas.com/fr/pid757/information-r-eglement-ee.html

8.2 Material contracts

To date, BNP Paribas has not entered into any material contracts – other than those entered into during the normal course of business – that create an obligation or commitment for the entire Group.

8.3 Dependence on external parties

In April 2004, BNP Paribas SA began outsourcing IT Infrastructure Management Services to the "BNP Paribas Partners for Innovation" (BP²I) joint venture set up with IBM France at the end of 2003. BP²I has since taken over IT Infrastructure Management Services for BNP Paribas SA and several BNP Paribas subsidiaries in France (including BNP Paribas Personal Finance, BP2S, and BNP Paribas Cardif), Switzerland, and Italy. In mid-December 2011 BNP Paribas renewed its agreement with IBM France for a period lasting until end-2017.

BP²I is 50/50-owned by BNP Paribas and IBM France; IBM France is responsible for daily operations, with a strong commitment of BNP Paribas as a significant shareholder. Half of BP²I's staff are BNP Paribas employees and BNP Paribas owns the offices and data processing centres used by BP²I. BP²I's corporate governance system provides BNP Paribas with a contractual right of oversight and BNP Paribas may insource BP²I if necessary.

ISFS, a fully-owned IBM subsidiary, handles IT Infrastructure Management for BNP Paribas Luxembourg.

BancWest's data processing operations are outsourced to Fidelity Information Services. Cofinoga France's data processing is outsourced to SDDC, a fully-owned IBM subsidiary.

8.4 Significant changes

There have been no significant changes in the Group's financial or business situation since the end of the last financial year for which audited financial statements were published, and most notably since the date of the Statutory Auditor's report on the consolidated financial statements (7 March 2012).

8.5 Investments

The following table lists the Group's investments since 1 January 2009 that are individually valued at over EUR 500 million and are considered material at a Group level.

Country	Announcement date	Transaction	Transaction amount	Comments
Belgium	8 March 2009	Acquisition by Fortis Bank of 25% + one share of Fortis Insurance Belgium (AG Insurance)	EUR 1,375m (for the 25% stake)	This acquisition gives BNP Paribas a close partner in Belgium's banc assurance market
Italy	4 August 2009	An agreement between BNP Paribas and Intesa Sanpaolo to increase BNP Paribas' stake in Findomestic, a consumer credit company initially 50%-owned by each group, to 75%	EUR 517m (for the 25% stake, before the rights issue)	This transaction gives BNP Paribas control of Findomestic
Italy	22 June 2011	Purchase of Intesa Sanpaolo group's remaining 25% stake in Findomestic	EUR 629m (for the 25% stake)	This purchase makes BNP Paribas Personal Finance the full owner of Findomestic

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8.6 Founding documents and Articles of association

BNP Paribas' Articles of association are available on the Group's website, www.invest.bnpparibas.com, and can be obtained from the address given in section 8.1.

Below are the full Articles of association as of 17 January 2012.

SECTION I

FORM – NAME – REGISTERED OFFICE – CORPORATE PURPOSE

Article 1

BNP PARIBAS is a French Public Limited Company (*société anonyme*) licensed to conduct banking operations under the French Monetary and Financial Code, Book V, section 1 *(Code Monétaire et Financier, Livre V,* Titre 1[er]) governing banking sector institutions.

The Company was founded pursuant to a Decree dated May 26, 1966. Its legal life has been extended to 99 years from September 17, 1993.

Apart from the specific rules relating to its status as an establishment in the banking sector (Book V, section 1 of the French Monetary and Financial Code - *Code Monétaire et Financier, Livre V, Titre 1[er]*), BNP PARIBAS shall be governed by the provisions of the French Commercial Code (*Code de Commerce*) concerning commercial companies, as well as by these Articles of Association.

Article 2

The registered office of BNP PARIBAS shall be located in PARIS (9[th] *arrondissement*), at 16, Boulevard des Italiens (France).

Article 3

The purpose of BNP PARIBAS shall be to provide and conduct the following services with any individual or legal entity, in France and abroad, subject to compliance with the French laws and regulations applicable to credit institutions licensed by the Credit Institutions and Investment Firms Committee (*Comité des Etablissements de Crédit et des Entreprises d'Investissement*):

- any and all investment services,
- any and all services related to investment services,
- any and all banking transactions,
- any and all services related to banking transactions,
- any and all equity investments,

as defined in the French Monetary and Financial Code Book III – Section 1 (*Code Monétaire et Financier, Livre III, Titre I*) governing banking transactions and Section II (*Titre II*) governing investment services and related services.

On a regular basis, BNP PARIBAS may also conduct any and all other activities and any and all transactions in addition to those listed above, in particular any and all arbitrage, brokerage and commission transactions, subject to compliance with the regulations applicable to banks.

In general, BNP PARIBAS may, on its own behalf, and on behalf of third parties or jointly therewith, perform any and all financial, commercial, industrial or agricultural, personal property or real estate transactions directly or indirectly related to the activities set out above or which further the accomplishment thereof.

SECTION II

SHARE CAPITAL - SHARES

Article 4

The share capital of BNP PARIBAS shall stand at 2,415,491,972 euros divided into 1,207,745,986 fully paid-up shares with a nominal value of 2 euros each.

Article 5

The fully paid-up shares shall be held in registered or bearer form at the shareholders discretion, subject to the French legal and regulatory provisions in force.

The Shares shall be registered in an account in accordance with the terms and conditions set out in the applicable French laws and regulations in force. They shall be delivered by transfer from one account to another.

The Company may request disclosure of information concerning the ownership of its shares in accordance with the provisions of article L.228-2 of the French Commercial Code (*Code de Commerce*).

Without prejudice to the legal thresholds set in article L.233-7, paragraph 1 of the French Commercial Code (*Code de Commerce*), any shareholder, whether acting alone or in concert, who comes to directly or indirectly hold at least 0.5% of the share capital or voting rights of BNP PARIBAS, or any multiple of that percentage less than 5%, shall be required to notify BNP PARIBAS by registered letter with return receipt within the timeframe set out in article L.233-7 of the French Commercial Code (*Code de Commerce*).

Above 5%, the duty of disclosure provided for in the previous paragraph shall apply to 1% increments of the share capital or voting rights.

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

Failure to report either legal or statutory thresholds shall result in loss of voting rights as provided for by article L.233-14 of the French Commercial Code (*Code de Commerce*) at the request of one or more shareholders jointly holding at least 2% of the Company's share capital or voting rights.

Article 6

Each share shall grant a right to a part of ownership of the Company's assets and any liquidation surplus that is equal to the proportion of share capital that it represents.

In cases where it is necessary to hold several shares in order to exercise certain rights, and in particular where shares are exchanged, combined or allocated, or following an increase or reduction in share capital, regardless of the terms and conditions thereof, or subsequent to a merger or any other transaction, it shall be the responsibility of those shareholders owning less than the number of shares required to exercise those rights to combine their shares or, if necessary, to purchase or sell the number of shares or voting rights leading to ownership of the required percentage of shares.

SECTION III

GOVERNANCE

Article 7

The Company shall be governed by a Board of directors composed of:

1/ Directors appointed by the ordinary general Shareholders' Meeting

There shall be at least nine and no more than eighteen directors. Directors elected by the employees shall not be included when calculating the minimum and maximum number of directors.

They shall be appointed for a three-year term.

When a director is appointed to replace another director, in accordance with applicable French laws and regulations in force, the new director's term of office shall be limited to the remainder of the predecessor's term.

A director's term of office shall terminate at the close of the ordinary general Shareholders' Meeting called to deliberate on the financial statements for the previous financial year and held in the year during which the director's term of office expires.

Directors may be re-appointed, subject to the provisions of French law, in particular with regard to their age.

Each director, including directors elected by employees, must own at least 10 Company shares.

2/ Directors elected by BNP PARIBAS SA employees

The status of these directors and the related election procedures shall be governed by articles L.225-27 to L.225-34 of the French Commercial Code (*Code de Commerce*) as well as by the provisions of these Articles of Association.

There shall be two such directors – one representing executive staff and one representing non-executive staff.

They shall be elected by BNP PARIBAS SA employees.

They shall be elected for a three-year term.

Elections shall be organised by the Executive Management. The timetable and terms and conditions for elections shall be drawn up by the Executive Management in agreement with the national trade union representatives within the Company such that the second round of elections shall be held no later than fifteen days before the end of the term of office of the outgoing directors.

Each candidate shall be elected on a majority basis after two rounds held in each of the electoral colleges.

Each application submitted during the first round of elections shall include both the candidate's name and the name of a replacement if any.

Applications may not be amended during the second round of elections.

The candidates shall belong to the electoral college where they present for election.

Applications other than those presented by a trade union representative within the Company must be submitted together with a document featuring the names and signatures of one hundred electors belonging to the electoral college where the candidate is presenting for election.

Article 8

The Chairman of the Board of directors shall be appointed from among the members of the Board of directors.

At the proposal of the Chairman, the Board of directors may appoint one or more Vice-Chairmen.

Article 9

The Board of directors shall meet as often as necessary for the best interests of the Company. Board meetings shall be called by the Chairman. Where requested by at least one-third of the directors, the Chairman may call a Board meeting with respect to a specified agenda, even if the last Board meeting was held less than two months previously. The Chief Executive Officer may also request that the Chairman call a Board meeting to discuss a specified agenda.

Board meetings shall be held either at the Company's registered office or at any other location specified in the notice of meeting.

Notices of meetings may be served by any means, including verbally.

The Board of directors may meet and hold valid proceedings at any time, even if no notice of meeting has been served, provided all its members are present or represented.

Article 10

Board meetings shall be chaired by the Chairman, by a director recommended by the Chairman for the purpose or, failing this, by the oldest director present.

Any director may attend a Board meeting and take part in its deliberations by videoconference (*visioconférence*) or all telecommunications and remote transmission means, including Internet, subject to compliance with the conditions set out in applicable legislation at the time of its use.

Any director who is unable to attend a Board meeting may ask to be represented by a fellow director, by granting a written proxy, valid for only one specific meeting of the Board. Each director may represent only one other director.

At least half of the Board members must be present for decisions taken at Board meetings to be valid.

Should one or both of the positions of member of the Board elected by employees remain vacant, for whatever reason, without the possibility of a replacement as provided for in article L.225-34 of the French Commercial Code (*Code de Commerce*), the Board of directors shall be validly composed of the members elected by the general Shareholders' Meeting and may validly meet and vote.

Members of the Company's Executive Management may, at the request of the Chairman, attend Board meetings in an advisory capacity.

A full member of the Company's Central Works Committee, appointed by said Committee, shall attend Board meetings in an advisory capacity, subject to compliance with the provisions of French legislation in force.

Decisions shall be taken by a majority of directors present or represented. In the event of a split decision, the Chairman of the meeting shall have the casting vote, except as regards the proposed appointment of the Chairman of the Board of directors.

The decisions taken by the Board of directors shall be recorded in minutes drawn up in a special register prepared in accordance with French legislation in force and signed by the Chairman of the meeting and one of the directors who attended the meeting.

The Chairman of the meeting shall appoint the Secretary to the Board, who may be chosen from outside the Board's membership.

Copies or extracts of Board minutes may be signed by the Chairman, the Chief Executive Officer, the Chief Operating Officers or any representative specifically authorised for such purpose.

Article 11

The ordinary general Shareholders' Meeting may grant directors' fees under the conditions provided for by French law.

The Board of directors shall divide up these fees among its members as it deems appropriate.

The Board of directors may grant exceptional compensation for specific assignments or duties performed by the directors under the conditions applicable to agreements subject to approval, in accordance with the provisions of articles L.225-38 to L.225-43 of the French Commercial Code (*Code de Commerce*). The Board may also authorise the reimbursement of travel and business expenses and any other expenses incurred by the directors in the interests of the Company.

SECTION IV

DUTIES OF THE BOARD OF DIRECTORS, THE CHAIRMAN, THE EXECUTIVE MANAGEMENT AND THE NON-VOTING DIRECTORS *(Censeurs)*

Article 12

The Board of directors shall determine the business strategy of BNP PARIBAS and supervise the implementation thereof. Subject to the powers expressly conferred upon the Shareholders' Meetings and within the limit of the corporate purpose, the Board shall handle any issue concerning the smooth running of BNP PARIBAS and settle matters concerning the Company pursuant to its deliberations. The Board of directors shall receive from the Chairman or the Chief Executive Officer all of the documents and information required to fulfil its duties.

The Board of directors' decisions shall be executed by either the Chairman, the Chief Executive Officer or the Chief Operating Officers, or by any special representative appointed by the Board.

At the proposal of the Chairman, the Board of directors may decide to set up committees responsible for performing specific tasks.

Article 13

The Chairman shall organise and manage the work of the Board of directors and report thereon to the general Shareholders' Meeting. The Chairman shall also oversee the smooth running of BNP PARIBAS's management bodies and ensure, in particular, that the directors are in a position to fulfil their duties.

The remuneration of the Chairman of the Board shall be freely determined by the Board of directors.

Article 14

The Board of directors shall decide how to organise the executive management of the Company. The executive management of the Company shall be ensured under his own liability either by the Chairman of the Board of directors or by another individual appointed by the Board of directors and bearing the title of Chief Executive Officer.

Shareholders and third parties shall be informed of this choice in accordance with the regulatory provisions in force.

The Board of directors shall have the right to decide that this choice be for a fixed term.

In the event that the Board of directors decides that the Executive Management shall be ensured by the Chairman of the Board, the provisions of these Articles of Association concerning the Chief Executive Officer shall apply to the Chairman of the Board of directors who will in such case assume the title of Chairman and Chief Executive Officer. He shall be deemed to have automatically resigned at the close of the general Shareholders' Meeting held to approve the financial statements for the year in which he reaches sixty-five years of age.

In the event that the Board of directors decides that such duties should be separated, the Chairman shall be deemed to have automatically resigned at the close of the general Shareholders' Meeting held to approve the financial statements for the year in which he reaches sixty-eight years of age. However, the Board may decide to extend the term of office of the Chairman of the Board until the close of the general Shareholders' Meeting held to approve the financial statements for the year in which he reaches sixty-nine years of age. The Chief Executive Officer shall be deemed to have automatically resigned at the close of the general Shareholders' Meeting held to approve the financial statements for the year in which he reaches sixty-three years of age. However, the Board may decide to extend the term of office of the Chief Executive Officer until the close of the general Shareholders' Meeting held to approve the financial statements for the year in which he reaches sixty-four years of age.

Article 15

The Chief Executive Officer shall be vested with the broadest powers to act in all circumstances in the name of BNP PARIBAS. He shall exercise these powers within the limit of the corporate purpose and subject to those powers expressly granted by French law to Shareholders' Meetings and the Board of directors.

He shall represent BNP PARIBAS in its dealings with third parties. BNP PARIBAS shall be bound by the actions of the Chief Executive Officer even if such actions are beyond the scope of the corporate purpose, unless BNP PARIBAS can prove that the third party knew that the action concerned was beyond the scope of the corporate purpose or had constructive knowledge thereof in view of the circumstances. The publication of the Company's Articles of Association alone shall not constitute such proof.

The Chief Executive Officer shall be responsible for the organisation and procedures of internal control and for all information required by French law regarding the internal control report.

The Board of directors may limit the powers of the Chief Executive Officer, but such limits shall not be valid against claims by third parties.

The Chief Executive Officer may delegate partial powers, on a temporary or permanent basis, to as many persons as he sees fit, with or without the option of redelegation.

The remuneration of the Chief Executive Officer shall be freely determined by the Board of directors.

The Chief Executive Officer may be removed from office by the Board of directors at any time. Damages may be payable to the Chief Executive Officer if he is unfairly removed from office, except where the Chief Executive Officer is also the Chairman of the Board of directors.

In the event that the Chief Executive Officer is a director, the term of his office as Chief Executive Officer shall not exceed that of his term of office as a director.

Article 16

At the proposal of the Chief Executive Officer, the Board of directors may, within the limits of French law, appoint one or more individuals, called Chief Operating Officers, responsible for assisting the Chief Executive Officer.

In agreement with the Chief Executive Officer, the Board of directors shall determine the scope and term of the powers granted to the Chief Operating Officers. However, as far as third parties are concerned, the Chief Operating Officers shall have the same powers as the Chief Executive Officer.

When the Chief Executive Officer ceases to perform his duties or is prevented from doing so, the Chief Operating Officers shall, unless the Board of directors decides otherwise, retain their positions and responsibilities until a new Chief Executive Officer is appointed.

The remuneration of the Chief Operating Officers shall be freely determined by the Board of directors, at the proposal of the Chief Executive Officer.

The Chief Operating Officers may be removed from office by the Board of directors at any time, at the proposal of the Chief Executive Officer. Damages may be payable to the Chief Operating Officers if they are unfairly removed from office.

Where a Chief Operating Officer is a director, the term of his office as Chief Operating Officer may not exceed that of his term of office as a director.

The Chief Operating Officers' terms of office shall expire at the latest at the close of the general Shareholders' Meeting called to approve the financial statements for the year in which the Chief Operating Officers reach sixty-five years of age.

Article 17

At the proposal of the Chairman, the Board of directors may appoint one or two non-voting directors (*censeurs*).

Notices of meetings shall be served to non-voting directors, who shall attend Board meetings in an advisory capacity.

They shall be appointed for six years and may be reappointed for further terms. They may also be dismissed at any time under similar conditions.

They shall be selected from among the Company's shareholders and their remuneration shall be determined by the Board of directors.

SECTION V

SHAREHOLDERS' MEETINGS

Article 18

General Shareholders' Meetings shall be composed of all shareholders.

General Shareholders' Meetings shall be called and held subject to compliance with the provisions of the French Commercial Code (*Code de Commerce*).

They shall be held either at the head office or at any other location specified in the notice of meeting.

They shall be chaired by the Chairman of the Board of directors, or, in his absence, by a director appointed for this purpose by the Shareholders' Meeting.

Any shareholder may, subject to providing proof of identity, attend a general Shareholders' Meeting, either in person, by returning a postal vote or by designating a proxy.

Share ownership is evidenced by an entry either in the BNP PARIBAS' share register in the name of the shareholder, or in the register of bearer shares held by the applicable authorised intermediary, within the deadlines and under the conditions provided for by the regulations in force. In the case of bearer shares, the authorised intermediary shall provide a certificate of participation for the shareholders concerned.

The deadline for returning postal votes shall be determined by the Board of directors and stated in the notice of meeting published in the French legal announcements journal (*Bulletin des Annonces Légales Obligatoires – BALO*).

At all general Shareholders' Meetings, the voting right attached to the shares bearing beneficial rights shall be exercised by the beneficial owner.

If the Board of directors so decides at the time that the Shareholders' Meeting is called, the public broadcasting of the entire Shareholders' Meeting by videoconference (*visioconférence*) or all telecommunications and remote transmission means, including Internet, shall be authorised. Where applicable, this decision shall be communicated in the notice of meeting published in the French legal announcements journal (*Bulletin des Annonces Légales Obligatoires – BALO*).

Any shareholder may also, if the Board of directors so decides at the time of issuing the notice of Shareholders' Meeting, take part in the vote by videoconference (*visioconférence*) or all telecommunications and remote transmission means, including Internet, subject to compliance with the conditions set out in applicable legislation at the time of its use. If an electronic voting form is used, the shareholder's signature may be in the form of a secure digital signature or a reliable identification process safeguarding the link with the document to which it is attached and may consist, in particular, of a user identifier and a password. Where applicable, this decision shall be communicated in the notice of meeting published in the French legal announcements journal (*Bulletin des Annonces Légales Obligatoires – BALO*).

SECTION VI

STATUTORY AUDITORS

Article 19

At least two principal statutory auditors and at least two deputy statutory auditors shall be appointed by the general Shareholders' Meeting for a term of six financial years. Their term of office shall expire after approval of the financial statements for the sixth financial year.

SECTION VII

ANNUAL FINANCIAL STATEMENTS

Article 20

The Company's financial year shall start on January 1st and end on December 31.

At the end of each financial year, the Board of directors shall draw up annual financial statements and write a management report on the Company's financial position and its business activities during the previous year.

Article 21

Net income is composed of income for the year minus costs, depreciation, amortizations and impairment.

The distributable profit is made up of the year's profit, minus previous losses as well as the sums to be allocated to the reserves in accordance with French law, plus the profit carried forward.

The general Shareholders' Meeting is entitled to levy all sums from the distributable profit to allocate them to all optional, ordinary or extraordinary reserves or to carry them forward.

The general Shareholders' Meeting may also decide to distribute sums levied from the reserves at its disposal.

However, except in the event of a capital reduction, no amounts may be distributed to the shareholders if the shareholders' equity is, or would become following such distribution, lower than the amount of capital plus the reserves which is not open to distribution pursuant to French law or these Articles of Association.

In accordance with the provisions of article L.232-18 of the French Commercial Code (*Code de Commerce*), a general Shareholders' Meeting may offer to the shareholders an option for the payment, in whole or in part, of dividends or interim dividends through the issuance of new shares in the Company.

SECTION VIII

DISSOLUTION

Article 22

Should BNP PARIBAS be dissolved, the shareholders shall determine the form of liquidation, appoint the liquidators at the proposal of the Board of directors and, in general, take on all of the duties of the general Shareholders' Meeting of a French Public Limited Company (*société anonyme*) during the liquidation and until such time as it has been completed.

SECTION IX

DISPUTES

Article 23

Any and all disputes that may arise during the life of BNP PARIBAS or during its liquidation, either between the shareholders themselves or between the shareholders and BNP PARIBAS, pursuant to these Articles of Association, shall be ruled on in accordance with French law and submitted to the courts having jurisdiction.

8.7 Recovery and Resolution Plan

In late December 2011 BNP Paribas filed an initial version of its Recovery and Resolution Plan (RRP) with the French Prudential Supervisory Authority (*Autorité de Contrôle Prudentiel*), in accordance with the Financial Stability Board's recommendations. This RRP outlines possible recovery options if the Group were to find itself in a distressed situation. It also contains all the information financial authorities would need to manage the Group's resolution if necessary.

The RRP was prepared at a Group level ahead of expected regulatory requirements for RRPs. The Internal Control, Risk Management, and Compliance Committee of the BNP Paribas Board of Directors approved the main elements of the RRP on 1 December 2011. The Committee Chair presented a summary of the RRP to the Board on 14 December 2011.

A draft of the RRP was presented to a panel of national supervisory authorities comprised of regulators from Belgium, Italy, France, and the US.

BNP Paribas has set up a permanent RRP team to update the plan and to ensure its conformity to final regulations, once passed.

8.8 Statutory Auditors' special report on regulated agreements and commitments

For the year ended 31 December 2011

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

Deloitte & Associés
185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Regnault
92400 Courbevoie

BNP Paribas

16 boulevard des Italiens

75009 Paris

To the Shareholders,

In our capacity as Statutory Auditors of BNP Paribas, we hereby report to you on related party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R.225-31 of the French Commercial Code (*Code de Commerce*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

Agreements and commitments authorised during the year

In accordance with article L.225-40 of the French Commercial Code, we were informed of the following agreement and commitment authorised by the Board of Directors.

- Agreement between BNP Paribas and Baudouin Prot regarding the termination of Baudouin Prot's employment contract (authorised by the Board of Directors on 3 May 2011)

Director concerned:

Baudouin Prot, Director

Chairman of the Board of Directors of BNP Paribas as of 1 December 2011

In compliance with the AFEP-MEDEF Corporate Governance Code, BNP Paribas and Baudouin Prot entered into an agreement on 6 May 2011 providing for the termination of his employment contract.

This termination will lead to the loss of his entitlement to any retirement bonus payable pursuant to the Company-wide agreements in force. Under the terms of this agreement, and provided that Baudouin Prot leaves BNP Paribas for retirement, BNP Paribas undertakes to pay Baudouin Prot compensation of EUR 150,000 on the date of his departure. This amount corresponds to the retirement bonus that he would have received under the aforementioned agreements if he had been an employee of BNP Paribas until retirement.

- Commitment between BNP Paribas and Michel Pébereau regarding the means made available to him as newly appointed Honorary Chairman (authorised by the Board of Directors on 1 December 2011)

Director concerned:

Michel Pébereau, Director,

Honorary Chairman of BNP Paribas as of 1 December 2011

At its meeting on 1 December 2011, the Board of Directors of BNP Paribas authorised the Company to provide Michel Pébereau, as Honorary Chairman, with an office, a chauffeured car, and the secretarial resources necessary for the duties that he will perform at the request of Executive Management and in the interests of BNP Paribas Group.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

Agreements and commitments approved in previous years which were implemented during the year

Pursuant to article R.225-30 of the French Commercial Code, we were informed that the following agreement, approved in previous years by the Annual General Meeting, was implemented during the year.

- Agreement setting out relations with AXA (approved by the meeting of the Board of Directors on 30 July 2010)

Director concerned:

Michel Pébereau, member of the Board of Directors of AXA.

At its meeting on 30 July 2010, the Board of Directors of BNP Paribas authorised the signing of an agreement (referred to herein as "the Agreement") between AXA and BNP Paribas. The nature, purpose and main terms and conditions of the Agreement are described below.

The Agreement entered into on 5 August 2010 between AXA (acting on its own behalf and on behalf of the AXA group) and BNP Paribas (acting on its own behalf and on behalf of the BNP Paribas Group) came into force at the date of its signature and replaced as of that date the previous agreement entered into on 15 December 2005 which was previously disclosed to the shareholders.

The Agreement provides for a mutual obligation to inform the other party in the event of a change in the cross-holdings between the groups.

Under the Agreement, each party also has a call option on the other's shareholding, exercisable in the event of a hostile takeover of either party. In the event of a hostile takeover of BNP Paribas by a third party, the AXA group will have the option to buy back all or a portion of the interest still held by the BNP Paribas Group in AXA at the date on which the call option is exercised. Similarly, in the event of a hostile takeover of AXA by a third party, the BNP Paribas Group will have an identical call option on the interest held by the AXA group in BNP Paribas.

The Agreement is entered into for an initial term of three years as from its entry in force on 5 August 2010. It is automatically renewable for consecutive periods of one year, unless express notice of termination is given by one of the parties at least three months in advance of its expiry date.

The Agreement was announced by the French financial markets authority (*Autorité des marchés financiers* – AMF) on 9 August 2010.

Neuilly-sur-Seine and Courbevoie, 7 March 2012

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
Pascal Colin	Patrice Morot	Guillaume Potel

9 STATUTORY AUDITORS

9.1 Statutory Auditors

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

- Deloitte & Associés was appointed as Statutory Auditor at the Annual General Meeting of 23 May 2006 for a six-year period expiring at the close of the Annual General Meeting called in 2012 to approve the financial statements for the year ending 31 December 2011.

Deloitte & Associés is represented by Pascal Colin.

Deputy:

BEAS, 7-9, villa Houssay, Neuilly-sur-Seine (92), France, SIREN No. 315 172,445, Nanterre trade and companies register.

- PricewaterhouseCoopers audit was re-appointed as Statutory Auditor at the Annual General Meeting of 23 May 2006 for a six-year period expiring at the close of the Annual General Meeting called in 2012 to approve the financial statements for the year ending 31 December 2011. The firm was first appointed at the Annual General Meeting of 26 May 1994.

PricewaterhouseCoopers Audit is represented by Patrice Morot.

Deputy:

Pierre Coll, 63, rue de Villiers, Neuilly-sur-Seine (92), France.

- Mazars was re-appointed as Statutory Auditor at the Annual General Meeting of 23 May 2006 for a six-year period expiring at the close of the Annual General Meeting called in 2012 to approve the financial statements for the year ending 31 December 2011. The firm was first appointed at the Annual General Meeting of 23 May 2000.

Mazars is represented by Guillaume Potel.

Deputy:

Michel Barbet-Massin, 61, rue Henri-Regnault, Courbevoie (92), France.

Deloitte & Associés, PricewaterhouseCoopers, and Mazars are registered as Statutory Auditors with the Versailles Regional Association of Statutory Auditors, under the authority of the French National Accounting Oversight Board (*Haut Conseil du Commissariat aux comptes*).

10 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

10.1 Person responsible for the Registration document and the annual financial report

Jean-Laurent BONNAFÉ, Chief Executive Officer of BNP Paribas.

10.2 Statement by the person responsible for the Registration document

I hereby declare that to the best of my knowledge, and having taken all reasonable precautions, the information contained in the Registration document is in accordance with the facts and contains no omission likely to affect its import.

I further declare that to the best of my knowledge, the accounts are prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company and all the undertakings in the consolidation taken as a whole, and that the information provided in the management report (whose contents are listed in the Table of Concordance on page 389) includes a fair review of the development and performance of the business, profit or loss and financial position of the Company and the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

I obtained a statement from the Statutory Auditors, Deloitte & Associés, PricewaterhouseCoopers Audit, and Mazars, at the end of their assignment, in which they confirm having verified the information regarding the financial position and the accounts contained herewithin, and having examined the entire Registration document.

The Statutory Auditors' report on the financial statements for the year ended 31 December 2010 presented in the Registration document filed with the AMF under visa no. D11-0116 is given on pages 335-336 and contains an observation.

Paris, 9 March 2012

Chief Executive Officer

Jean-Laurent BONNAFÉ

11 TABLE OF CONCORDANCE

In order to assist readers of the Registration document, the following table of concordance cross-references the main headings required by Annex 1 of European Commission Regulation (EC) No. 809/2004 pursuant to the "Prospectus" directive.

Headings as listed by Annex1 of European Commission Regulation (EC) No.809/2004		Page number
11.	**Research and development, patents, and licences**	**n/a**
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In order to assist readers of the annual financial report, the following table cross-references the information required by article L.451-1-2 of the French Monetary and Financial Code.

Annual financial report	Page number
Statement by the person responsible for the Registration document	**386**
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■ Review of the parent company's and consolidated group's profit or loss, financial position, risks, and share issue authorisations (articles L.225-100 and L.225-100-2 of the French Commercial Code)	72-95; 163-170; 211-293; 312; 320-323
■ Information about items that could affect a public offer, as required by article L.225-100-3 of the French Commercial Code	n/a
■ Information about share buybacks (article L.225-211, paragraph 2, of the French Commercial Code)	167-168
Financial statements	
■ Parent company financial statements	295-325
■ Statutory Auditors' report on the financial statements	332-333
■ Consolidated financial statements	99-205
■ Statutory Auditors' report on the consolidated financial statements	206-207

Pursuant to article 28 of European Commission Regulation (EC) no. 809/2004 on prospectuses, the following items are incorporated by reference:

- the consolidated financial statements for the year ended 31 December 2010 and the Statutory Auditors' report on the consolidated financial statements for the same period, presented respectively on pages 101-253 and 254-255 of Registration document no. D11-0116 filed with the AMF on 11 March 2011;
- the consolidated financial statements for the year ended 31 December 2009 and the Statutory Auditors' report on the consolidated financial statements for the same period, presented respectively on pages 103–243 and 244-246 of Registration document no. D10-0102 filed with the AMF on 11 March 2010;

The chapters of Registration documents nos. 11-0116 and D10-0102 not referred to above are either not significant for investors or are covered in another section of this Registration document.

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