Annual report 2013

BGL BNP PARIBAS | The bank for a changing world

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The SELECTED WORKS exhibition

As a corporate citizen BGL BNP Paribas is one of the main partners in the arts and cultural communities of Luxembourg. Our institution supports art and creativity and therefore hosts each year on its premises a number of prestigious exhibitions from famous museums and of artists with local and international fame.

The SELECTED WORKS exhibition which was held from 10 January to 28 February 2014 in the Private Banking Centre – the "Villa" of BGL BNP Paribas presented works from the private collection of the Bank to the public for the first time.

Overall, this exhibition consisted of objects from the 1980s and 1990s and allowed the public to discover the works of artists such as Frank Stella, Roy Lichtenstein, Claude Viallat, Günther Förg, A.R. Penck Fernand Roda, Imi Knoebel, Emil Schumacher, Jan Voss, Markus Lüpertz, Sam Francis and Rosemarie Trockel and thereby a wide range of artistic movements such as pop art recent research into pictorial forms or even conceptual art.

The photos published in this Annual Report, represent those works of art which were on show in the SELECTED WORKS exhibition.

Cover: **Frank Stella (*1936)** - *The Prophet,* 1990 - From the series Moby Dick - Acrylic on wood and metal

ANNUAL REPORT 2013

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Per Kirkeby (*1938) - *Untitled,* 1991 - Mixed technique on paper

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

Sam Francis (1923-1994) - *Untitled,* 1991 - Lithography

Consolidated key figures

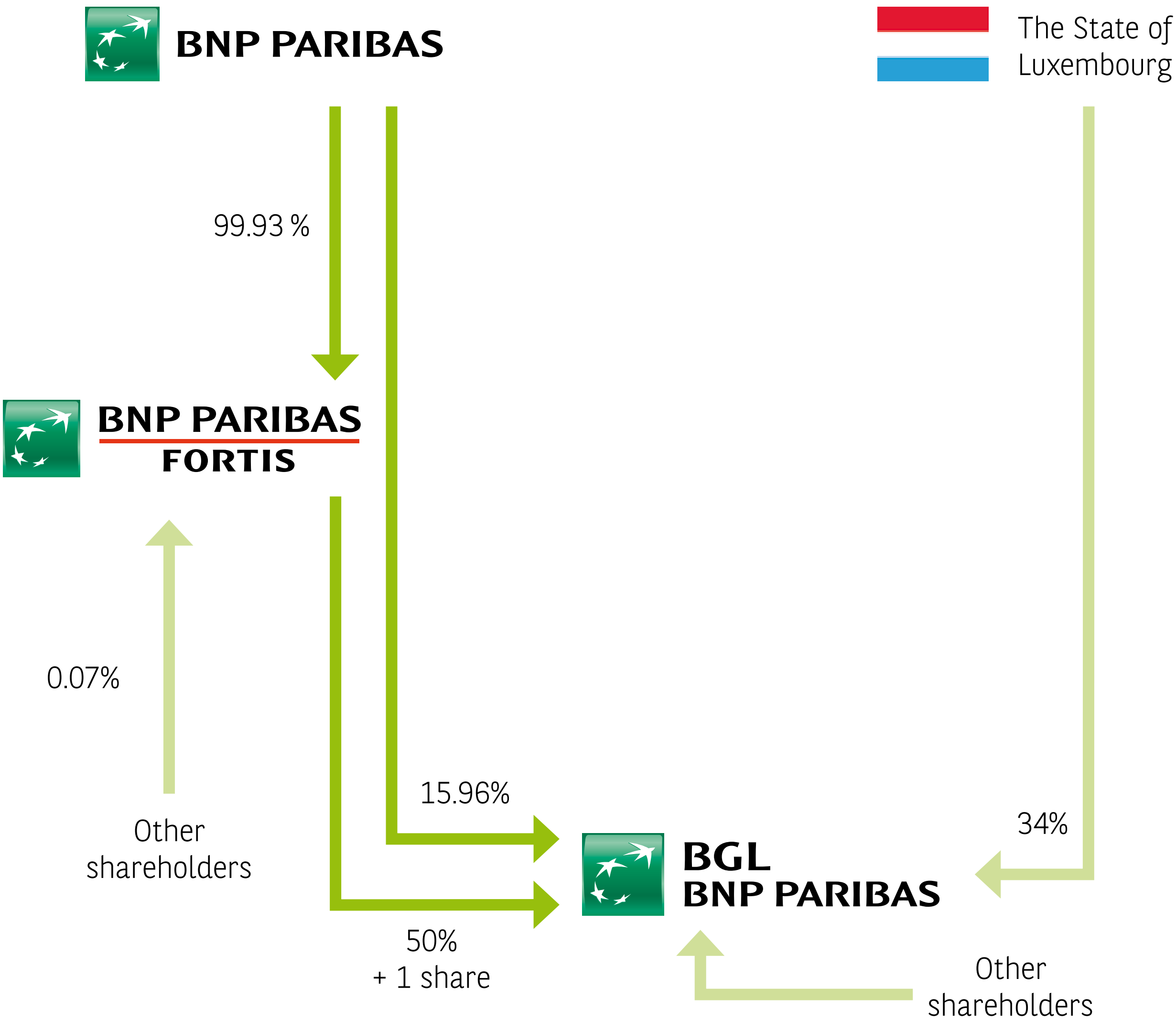
In millions of euros	2013	2012
Profit and loss account		
Revenues	1 400.3	1 123.4
Operating expenses	(721.0)	(632.3)
Cost of risk	(48.8)	(60.6)
Net profit attributable to equity holders of the parent	336.9	266.4
Balance Sheet		
Total balance sheet	41 148.2	44 436.9
Loans and receivables due from customers	25 869.9	27 292.9
Due to customers and debt securities	20 966.9	22 365.0
Regulatory own funds	5 855.3	5 772.8
Amount of risk weighted assets	22 781.3	25 276.1
Solvency ratio	25.7%	22.8%

Ratings (March 2014)	Moody's	Standard & Poor's	Fitch
Short term	**P-1**	**A-1**	**F1**
Long term	**A2**	**A+**	**A+**

The 2012 results were impacted by the acquisition of the leasing entities of the Group (which led to a change in the consolidation method from 31/03/2012) and by other exceptional items. Please refer to the Consolidated financial statements after page 22.

Jan Voss (*1936) - *Treibgut*, 1991 - Acrylic on canvas

BGL BNP Paribas and its shareholders



The BNP Paribas Group in Luxembourg

Jan Voss (*1936) - *Borne,* 1991 - Sculpture in stone materials

With 4,000 employees, the various divisions and business lines of the BNP Paribas Group in Luxembourg respond to the needs of individuals and businesses, investors and also corporate and institutional customers in three core business areas: Retail Banking, Investment Solutions and Corporate and Investment Banking.

Retail Banking: An offer for individuals and businesses

- **The Retail and Corporate Banking** business of BGL BNP Paribas offers a wide range of financial products and services, from current accounts to savings products or bancassurance, as well as specialised services for professionals and companies (in particular cash management). The commercial network consists of 40 branches and 6 Private Banking Centres, dedicated to wealthy domestic customers, 78 ATMs and the NetAgence, an online agency to provide targeted assistance.

- Savings and online brokerage:
  BNP Paribas Personal Investors, a service of BGL BNP Paribas, specialises in savings and online brokerage and caters to both an international and domestic clientele looking for a high quality service. With its trademark brand dedicated to expatriates, The Bank For Expats®, Personal Investors continues to strengthen its position as a banking specialist in the field of expatriation.

- Leasing:
  BNP Paribas Leasing Solutions is the leader in the local market for financial leasing and offers attractive solutions in equipment financing to business customers.
  Arval provides operational leasing services exclusively to companies, by putting in place solutions to simplify and optimise the management of the car pools of its clients.

- Factoring:
  BNP Paribas Factor offers solutions for the protection, management and pre-financing of the trade receivables, allowing the companies to obtain an alternative short-term funding and to focus on their business.

Investment Solutions: A global offer for investors

- As part of the **Wealth Management** business, BGL BNP Paribas offers tailor-made solutions in asset and financial management as well as an array of benefits and high quality services including: Investment advice, discretionary management, wealth organisation and planning, financing and regular banking services, as well as expertise in asset diversification.

- Securities:
  BNP Paribas Securities Services has a long-standing reputation for its expertise and a unique know-how in funds management, international bond issues and in engineering both products.

- Asset Management:
  BNP Paribas Investment Partners offers a full range of financial management services to institutional customers and distributors worldwide.

- Insurance:
  Cardif Lux Vie offers a range of products and services in three complementary lines of business: Wealth Management in the international market, Retail Insurance (via the network of BGL BNP Paribas branches) and insurance of Companies.

- Real Estate Services:
  BNP Paribas Real Estate offers made-to-measure solutions with a multi-expertise offering.

- Fiduciary Services:
  FIDUPAR offers domiciliation services to companies and central administration services to Specialised Investment Funds (SIF) and Venture Capital Investment Companies (SICAR).

Corporate and Investment Banking: A powerful tool for corporate and institutional clients

Corporate & Investment Banking (CIB) offers corporate and institutional clients of BGL BNP Paribas direct access to the CIB portfolio of products of BNP Paribas.
CIB centralises in Luxembourg the following activities:

- Asset & Liability Management
- Fixed Income
- Structured Capital Markets
- Optimisation & Structured Leasing
- Global Equity, Commodities and Derivatives
- Financial Institutions Group
- Treasury

Roy Lichtenstein (1923-1997) - *Liberté,* From the portfolio Memory of liberty, 1991 - Serigraphy

History of BGL BNP Paribas

- Founded in 1919 under the name of Banque Générale du Luxembourg (BGL).
- Founders: Société Générale de Belgique in conjunction with a group of private investors in Luxembourg and Belgium.
- 1984: The shares of Banque Générale du Luxembourg are listed on the Luxembourg Stock Exchange.
- 1998: Fortis Group becomes the reference shareholder of the Bank (53.2%) following the launch of a public take-over bid for shares of the Générale de Banque.
- 2000: Banque Générale du Luxembourg and Fortis strengthen their strategic partnership.
- 2005: Banque Générale du Luxembourg changes its name and operates under the name of Fortis Bank Luxembourg.
- 2008: The Luxembourg State acquires a 49.9% shareholding of the Bank which operates under the name of BGL.
- 2009: The BNP Paribas Group acquires a majority stake in BGL (65.96%) alongside the Luxembourg State which remains a significant shareholder (34%).
- 2009: BGL adopts the name BGL BNP Paribas.

Directors and Officers

Georges Heinrich
Chairman of the Board of Directors

BOARD OF DIRECTORS

GEORGES HEINRICH
Director of the Treasury
Chairman
(as from 11 January 2013)

FRANÇOIS VILLEROY DE GALHAU
Member of the Executive Committee of BNP Paribas, Paris
Vice-Chairman

HRH PRINCE GUILLAUME OF LUXEMBOURG, LUXEMBOURG
Director

MARC ASSA
Economist, Steinsel
Director
(until 31 Decembre 2013)

JEAN-MARIE AZZOLIN
Staff Representative, Bridel
Director
(as from 6 January 2014)

GILBERT BEFFORT
Staff Representative, Bofferdange
Director
(until 6 January 2014)

JEAN CLAMON
Member of the Executive Committee of BNP Paribas, Paris
Director

JACQUES D'ESTAIS
Member of the Executive Committee of BNP Paribas, Paris
Director

GABRIEL DI LETIZIA
Staff Representative, Bergem
Director

CAMILLE FOHL
BNP Paribas Group Responsible for Germany, Frankfurt
Director

GÉRARD GIL
Deputy Finance Officer, Paris
Director

JEAN-CLAUDE GILBERTZ
Staff Representative, Olm
Director

PIERRE GRAMEGNA
Lawyer and Economist, Esch/Alzette
Director
(until 3 December 2013)

CLAUDE HEIREND
Staff Representative, Junglinster
Director

MAXIME JADOT
Chairman of the Management Committee of BNP Paribas Fortis, Brussels
Director

CARLO KRIER
Staff Representative
Esch/Alzette
Director

VINCENT LECOMTE
Head of BNP Paribas Wealth Management, Paris
Director

CORINNE LUDES
Staff Representative, Dudelange
Director

ERIC MARTIN
Chairman of the Management Board, Luxembourg
Director
(until 4 April 2013)

THOMAS MENNICKEN
Member of the Management Committee of BNP Paribas Fortis, Brussels
Director
(as from 4 April 2013)

JEAN MEYER
Doctor of Law, Attorney, Oberanven
Director

NORBERT ROOS
Staff Representative, Rodange
Director
(until 6 January 2014)

JEAN-LOUIS SIWECK
Advisor to the Government, 1st class, Luxembourg
Director
(until 31 October 2013)

DENISE STEINHÄUSER
Staff Representative, Junglinster
Director

TOM THEVES
First Advisor to the Government, Luxembourg
Director

CARLO THILL
Chairman of the Management Board, Leudelange
Director

MICHEL WURTH
Economist, Sandweiler
Director

HONORARY CHAIRMEN

GEORGES ARENDT
Director of Law, Luxembourg

MARCEL MART
Former President of the Court of Auditors of the European Communities, Luxembourg

HONORARY VICE-CHAIRMAN

XAVIER MALOU
Honorary Director of Generale Bank, Brussels

BUREAU OF THE BOARD OF DIRECTORS

GEORGES HEINRICH
Chairman of the Board of Directors
(as from 11 January 2013)
Chairman
(as from 11 January 2013)

FRANÇOIS VILLEROY DE GALHAU
Vice-Chairman of the Board of Directors
Member

ERIC MARTIN
Chairman of the Management Board
Member
(until 30 April 2013)

CARLO THILL
Chairman of the Management Board
Member

INTERNAL CONTROL AND RISK MANAGEMENT COMMITTEE

JEAN CLAMON
Director
Chairman

CAMILLE FOHL
Director
Member
(until 4 April 2013)

GÉRARD GIL
Director
Member

GEORGES HEINRICH
Chairman of the Board of Directors
(as from 11 January 2013)
Member
(as from 11 January 2013)

THOMAS MENNICKEN
Director
Member
(as from 4 April 2013)

JEAN MEYER
Director
Member

REMUNERATION AND NOMINATION COMMITTEE

FRANÇOIS VILLEROY DE GALHAU
Vice-Chairman of the Board of Directors
Chairman

MARC ASSA
Director
Member
(until 31 December 2013)

JEAN CLAMON
Director
Member

GEORGES HEINRICH
Chairman of the Board of Directors
(as from 11 January 2013)
Member
(as from 11 January 2013)

MICHEL WURTH
Director
Member
(as from 14 February 2014)

EXTERNAL AUDITOR

PRICEWATERHOUSECOOPERS
Société coopérative
Réviseurs d'entreprises

MANAGEMENT BOARD

ERIC MARTIN
Chairman
(until 30 April 2013)

CARLO THILL
Chairman

DOMINIQUE GOULEM
Capital Markets, Corporate and Investment Banking
Member

LUC HENRARD
Risk
Member

ANNE KAYSER
Compliance
Member

MARC LENERT
ITP & Operations
Member

CARLO LESSEL
Finance
Member

LAURE MORSY
Chief Operating Officer
Member (as from 1 July 2013)

HUBERT MUSSEAU
Wealth Management
Member

KIK SCHNEIDER
Retail and Corporate Banking
Member

THIERRY SCHUMAN
Human Resources
Member

MANAGEMENT BOARD
From left to right.
Standing: Kik Schneider, Laure Morsy, Hubert Musseau, Carlo Thill, Luc Henrard, Thierry Schuman, Carlo Lessel.
Sitting: Dominique Goulem, Marc Lenert, Anne Kayser.

JEAN-LOUIS MARGUE
Secrétaire général

INTERNAL AUDIT

ERIC DORLENCOURT
(as from 1 January 2014)

EMMA PERTAT
(until 31 December 2013)

MANAGEMENT OF THE SUBSIDIARIES

LUXEMBOURG

BNP PARIBAS LEASING SOLUTIONS
DIDIER CHAPPET
Chief Executive Officer

BNP PARIBAS LEASE GROUP LUXEMBOURG S.A.
ROBERT CHRISTOPHORY
General Manager

BGL BNP PARIBAS FACTOR S.A.
MARCEL HOH
General Manager

FRANCE

SADE (SOCIÉTÉ ALSACIENNE DE DÉVELOPPEMENT ET D'EXPANSION)
ANTOINE GILLIOT
Chief Executive Officer

Maurice Wyckaert (1923-1996) - *Le bleu mange tout,* 1993 - Oil on canvas

Statement of the Board of Directors

(in accordance with the Transparency law of 11 January 2008)

The Board of Directors declares that, to the best of its knowledge, the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, as well as the financial statements prepared in accordance with the legal and regulatory requirements of Luxembourg, give a true and fair view of the assets and liabilities, financial position and profit or loss of BGL BNP Paribas S.A. and the undertakings included in the scope of the consolidation as at 31 December 2013, and the management report presents fairly the evolution, the earnings and the position of BGL BNP Paribas S.A. and the undertakings included in the scope of the consolidation, as well as a description of the principal risks and uncertainties that they face.

Luxembourg, 13 March 2014

Management Report of the Board of Directors

Rosemarie Trockel (*1952) - *White Carrot*, 1991 - Porcelain, photography, 10 prints

PREAMBLE

The year 2013 was marked by a return of investor confidence. The equity markets in developed countries ended the year with a very good performance, while the price of gold, a traditional safe haven fell sharply over the same period. Investors also seem much less concerned about the risks related to countries in the southern periphery of the euro zone, which heavily dominated 2012. This revival of confidence was accompanied by an appreciation of the euro against most other currencies of the G10 countries. Emerging markets were a notable exception to this renewed appetite for risk, experiencing a significant withdrawal of capital during the summer of 2013.

The signs are also encouraging as regards measures of real activity. In Europe, leading indicators based on questionnaires have been surprisingly positive since last summer. They indicate a fairly clear recovery of confidence for businesses and consumers. This renewed confidence is confirmed by the GDP figures for the fourth quarter of 2013, with growth of 0.3% quarter on quarter in the euro zone. More importantly, this growth was distributed more evenly. Countries like Portugal, Spain and Italy are now showing positive growth. Our baseline forecast points to a return to growth above 1% in the euro zone in 2014. In the United States, the recovery seems to be taking hold. Our baseline forecast is for the economy to grow by more than 2% in 2014, and this should continue to have a positive ripple effect on Europe. In Japan, the currency experienced significant devaluation in 2013, as a result of the aggressive anti-deflationary policy adopted by the Abe government which had an immediate positive effect on exporters and inflation.

2013 was also marked by a rise in long rates, especially in the United States. The initial rise during the summer of 2013 was due to the announcement by the Federal Reserve that its governors were considering a gradual reduction in their bond purchase programme (tapering). This announcement was enough to cause a rise of nearly 1% in U.S. ten-year rates in the space of a few weeks, with the German and French rates rising in its wake. In December 2013, the decision was finally taken to actually begin tapering from January 2014. At the same time as long-term rates were rising, the main central banks pledged to keep their policy rates at very low levels for an extended period.

Inflation slowed in many countries in 2013. This process of disinflation was particularly pronounced in the euro zone, where inflation fell to a new low of 0.7% in October 2013. Our baseline forecast points to inflation below 1% for the euro zone in 2014. The evolution of inflation will be one of the main factors to watch in 2014, since the objective of the European Central Bank is to keep inflation below, but close to 2% over the medium term.

After the decision taken in 2012 to have a single supervisor, significant progress was made in late 2013 on the second pillar of the banking union in the euro zone, that of a single resolution mechanism. The detailed review of bank balance sheets (Asset Quality Review) in 2014 marks an important step. If the process is found to be credible, it could contribute significantly to the recovery of the interbank market and to a reduction of the fragmentation of the European banking system.

In Luxembourg, 2013 saw a return to growth beyond expectations: The latest figures by Statec suggest growth of around 2% for 2013, well above the average for the euro zone. The unemployment rate has nevertheless continued to increase to reach a record 7.1% in December 2013. Meanwhile, net job creation remained positive. Finally, the inflation rate for 2013 was 1.7%, down sharply compared to 2012 when it stood at 2.7%. This phenomenon of disinflation is in line with the experience of the euro zone as a whole.

Overall, banking income in the financial sector in Luxembourg is up 6.1% over the year according to figures published by the Commission de Surveillance du Secteur Financier (CSSF). Commission income increased by 6.8% but the vast majority of growth in banking income came from other net income of a volatile nature. The interest-rate margin was down 9% in an environment where interest rates remain very low.

The Bank fulfilled its governance requirements in 2013 in accordance with CSSF Circular 12/552, which requires credit institutions to have a strong internal governance, which includes a clear organisational structure with well-defined, transparent and consistent lines of responsibility; efficient processes to detect, manage, control and report the risks to which they are or may be exposed; adequate internal control mechanisms, including sound administrative and accounting procedures and policies; and compensation practices consistent with, and promoting, sound and effective risk management as well as control mechanisms and security over their IT systems.

In April 2013, Luxembourg announced that, as from 1 January 2015, in accordance with the scope of Directive 2003/48/EC, it would introduce the automatic exchange of information regarding interest payments that Luxembourg paying agents make in favour of individuals who reside in an EU member state other than Luxembourg.

In order to deal with this issue, which affects the business lines of Retail Banking and Wealth Management, the Bank put in place a dedicated structure to coordinate the actions initiated by the various business lines of the Bank, and to assist affected clients. However, the impact of the Government's decision on the results and the performance of BGL BNP Paribas Group as at 31 December 2013, remains limited.

Finally, following the Simple & Efficient programme, which was launched globally by the BNP Paribas Group in all countries, the BGL BNP Paribas Group continued to pursue throughout 2013 investment projects that aim to generate recurring savings, in order to meet its future challenges.

CONSOLIDATED MANAGEMENT REPORT

Consolidated Results

The results for 2012 and 2013 were impacted by a change in consolidation method (in 2012) and exceptional items in both years. Any review of the financial statements of the BGL BNP Paribas group must be performed whilst taking these factors into account.

Profit and loss account *In millions of euros*	2013	2012
Revenues	**1 400.3**	**1 123.4**
Operating expenses	(721.0)	(632.3)
Gross operating income	**679.3**	**491.1**
Cost of risk	(48.8)	(60.6)
Operating income	**630.5**	**430.5**
Share of earnings of associates	15.3	25.2
of which: Leasing	*3.8*	*20.9*
Other non operating items	2.6	3.3
Pre-tax income	**648.4**	**459.0**
Corporate income tax	(188.2)	(116.3)
Net income on discontinued activities	(4.2)	-
Net income	456.0	342.7
of which: Net income attributable to equity holders of the parent	336.9	266.4

Change in consolidation method

The comparison between the years 2012 and 2013 is affected by a change in consolidation method as regards leasing activities. 2012 was marked by an increase in the investment of BGL BNP Paribas S.A. in the holding company, BNP Paribas Leasing Solutions S.A. which holds most of the leasing activities of the BNP Paribas Group. Following this operation, the incorporation of the results of the leasing activities in the consolidated results underwent a change in consolidation method:

- From 1 January to 30 March 2012, the results of these activities were recognised as income from associates using the equity method, based on an investment holding of 33%;

- From 31 March 2012, the results of the leasing activity were included in the consolidated results of BGL BNP Paribas using the full consolidation method. Minority interests are calculated based on the consolidated results of leasing entities, based on an investment holding for BGL BNP Paribas of 50% +1 share. It is therefore the same for the results for the year 2013.

Exceptional items

The results for the years 2012 and 2013 were both impacted by various exceptional items.

Due to the slowdown in asset management and a setback for development prospects, the Bank recorded valuation adjustments to its stake in BNP Paribas Investment Partners (BNPP IP) of EUR -50.5 million in 2013 (compared with EUR -50.0 million in 2012). In addition, following a sale of shares, its investment decreased from 5.11% in 2012 to 4.96 % in 2013.

In 2012, the Bank reduced its exposure to sovereign debt, which had a negative impact on the 2012 result of EUR -56.0 million for revenues and EUR -2.6 million for the cost of risk.

The Bank was also impacted by the revaluation of its own debt, which in 2012 was strongly influenced by the positive tightening of credit spreads for BNP Paribas. This had a negative impact on the results for 2012 of EUR -37.6 million, while the impact was limited to EUR -5.6 million in 2013.

In the context of the impact on the business model of the Bank of the regulatory changes and the announcement of the automatic exchange of information from 1 January 2015, BGL BNP Paribas has set up a plan for early retirement on a voluntary basis. The communication of this plan resulted in the recognition of a provision of EUR 41.4 million for staff costs in 2013.

The restructuring of leasing activities in 2012 resulted in the sale of leasing divisions related to banks in the domestic markets of the BNP Paribas Group in France and Belgium; the loss on disposal associated with this transaction was EUR 8.2 million for the Group share.

Pro forma profit and loss account

To facilitate the analysis of changes in the profit and loss account, the following table presents a pro forma comparison, including both the contribution of leasing to the results of 2012, fully consolidated from 1 January 2012, and also correcting the results of the two years for the exceptional items described above.

PROFIT AND LOSS ACCOUNT WITH GLOBAL INTEGRATION OF LEASING ACTIVITIES SINCE 1 JANUARY 2012 AND EXCLUDING EXCEPTIONAL *In millions of euros*	2013	2012
Revenues	**1 457.9**	**1 437.2**
Operating expenses	(679.6)	(708.1)
Gross operating income	**778.3**	**729.1**
Cost of risk	(48.8)	(68.6)
Operating income	**729.5**	**660.5**
Share of earnings of associates	15.3	12.6
of which: Leasing	*3.8*	*8.3*
Other non operating items	2.6	3.3
Pre-tax income	**747.4**	**676.4**
Corporate income tax	(217.5)	(180.4)
Net income on discontinued activities	(4.2)	-
Net income	525.7	496.0
of which: Net income attributable to equity holders of the parent	406.6	378.0

After fully consolidating the leasing activities for the first quarter of 2012 and excluding exceptional items, revenues rose by EUR 20.7 million or +1% while operating expenses were down by EUR 28.5 million or -4%. Together, these two elements support the net income of the Group, which increased by EUR 28.6 million or +8%.

Analysis of the profit and loss account and balance sheet

Revenues totalled EUR 1 400.3 million at 31 December 2013 compared with EUR 1 123.4 million for the previous year, an increase of EUR 276.9 million or 25% which is principally due to the integration of revenues from leasing.

Net interest income amounted EUR 1,129.4 million at 31 December 2013 compared with EUR 1,030.2 million at 31 December 2012, an increase of EUR 99.2 million or 10%. Taking into account the contribution of international leasing activities from the first quarter 2012 under a fully consolidated method, net interest income would be down by EUR 50.0 million (-4%).

This decline is explained by the negative contribution of financial structuring and economic macro-hedging transactions (a negative impact of EUR -18.8 million compared to fiscal 2012) which, is compensated for by an increase of the same amount in the line item Net gains or losses on financial instruments at fair value through profit or loss.

This decline is also related to a decrease in Treasury results, resulting from market conditions (in terms of liquidity premiums), which were less favourable in 2013 than in 2012 (a negative impact of EUR -21.3 million or -55% compared to 2012).

In terms of business activities, net interest income from Retail and Corporate Banking Luxembourg (BDEL) showed an increase of EUR 5.3 million or 2% due to growth in assets, mainly in Corporate Banking in Luxembourg. The results of Wealth Management were down by EUR 7.7 million (-12%) primarily due to lower average outstanding loans and margins on deposits.

Finally, on a like-for-like basis, net interest margin of international leasing decreased by EUR 10.9 million (-2%) due to lower volume in non-core activities which are run down. It should however be noted that this decline is moderated by an improved margin on new production.

Net commission income rose from EUR 199.0 million in 2012 to EUR 216.6 million in 2013, an increase of EUR 17.6 million or 9%. This growth was driven in part by the increase in the contribution of international leasing activities between 2012 and 2013 of EUR 7.1 million, and secondly by commissions on transactions on client portfolio holdings, which rose by EUR 6.4 million or 15%.

Gains or losses on financial instruments at fair value through profit or loss amounted to EUR 18.1 million compared with EUR -35.4 million in 2012, an increase of EUR 53.5 million. The marked improvement in the credit spreads of the BNP Paribas Group in the year 2012 heavily penalised the reassessment of the value of the Bank's own bond issues, reducing them by EUR 37.6 million, while the more moderate changes during 2013 limited the negative impact to a reduction of just EUR 5.6 million. Finally, Structured Capital Markets activity contributed EUR 4.1 million to the improved results.

Net gains or losses on available-for-sale financial assets posted a loss of EUR 50.3 million in 2013 compared to a loss of EUR 103.3 million in 2012.

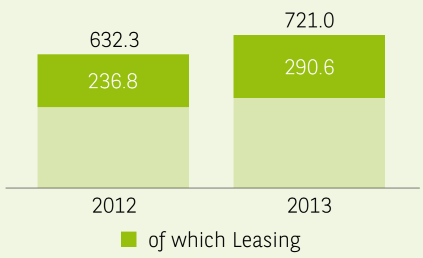
In 2012, the decline in value of asset management activities of the BNP Paribas IP Group had led the Bank to record a value adjustment of EUR -50.0 million on its shareholding. In 2013, the Bank recorded an additional provision of EUR -50.5 million on this investment. On the other hand, during the first half of 2012, the Bank had sold a portion of its bond portfolio of Portuguese sovereign debt, reducing its exposure by EUR 260 million. Losses realised on these sales amounted to EUR 54.3 million.

Net income and expenses from other activities amounted to EUR 86.5 million compared with EUR 32.8 million in 2012. This large variation is due partly to the full consolidation of International leasing activities as from 31 March 2012 and also to the recording in the first half of 2012 of EUR 39.8 million of value adjustments on investment properties in certain leasing activities in France, which are run down.

Excluding these exceptional items, revenues in 2013 rose by EUR 20.7 million, or 1%.

At 31 December 2013 **Operating expenses** amounted to EUR 721.0 million compared to EUR 632.3 million at the end of the previous year.

Operating Expenses
in millions of EUR



Excluding the change in consolidation method, staff costs amounted to EUR 478.7 million, an increase of EUR 43.7 million or 10%, primarily due to provisions related to the new plan for early retirement on a voluntary basis of EUR 41.4 million. Excluding this exceptional item, personnel costs remained stable.

Again, excluding the change in consolidation method, other general operating expenses amounted to

EUR 212.7 million, down by EUR 26.8 million (-11%). This reduction can be explained by a decrease in costs relating to the programme to simplify organisation and improve operations (Simple & Efficient). These costs amounted to EUR 19.9 million in 2012, but were limited to EUR 6.5 million in 2013, thus enabling the Group to achieve recurring savings of 16.0 million in 2013.

Meanwhile, the decline in expenses was due to the non-core activities of international leasing being run down.

Excluding the change in consolidation method and the early retirement plan for voluntary departures, operating expenses were down 4%.

The **Cost of risk** amounted to **EUR 48.8 million** compared with EUR 60.6 million in 2012. Depreciation charges for value adjustments were mainly related to the leasing business, (46.4 million of euro compared with EUR 54.3 million at 31 December 2012). In the banking business the cost of risk remained under control at EUR 3.6 million compared with EUR 6.3 million at 31 December 2012.

Non-operating Income amounted to **EUR 17.9 million** compared with EUR 28.5 million for 2012. This result is mainly due to the share of earnings of associates. The contribution of International Leasing to this line decreased by EUR 17.1 million, mainly due to the change in consolidation method which was implemented on 30 March 2012 (effectively reducing income by EUR 12.6 million) and lower income from certain activities which are run down.

The contribution of insurance operations in Luxembourg (Cardif Lux Vie S.A.), in which the Bank has a 33% holding, posted strong growth (EUR 11.5 million in 2013 compared with EUR 9.0 million in 2012) thanks to an increase in income of 17% due to the combined effect of the increase in assets, an increase in penalties on surrendered policies and better claim rate.

Finally, after deducting income due to minority shareholders with 50%, minus 1 share, of international leasing activities, **Group share of net income** for 2013 showed a net profit of EUR 336.9 million compared to a net profit of EUR 266.4 million for 2012, an increase of EUR 70.5 million or 26%.

Excluding the change in consolidation method and exceptional items previously mentioned, Group share of net income amounted to **EUR 406.6 million**, an increase of EUR 28.6 million or 8%.

Balance Sheet

At 31 December 2013, total assets amounted to EUR 41.1 billion compared with EUR 44.4 billion at 31 December 2012.

On the **asset** side, **Cash, Amounts due from central banks, CCP** fell from EUR 1.3 billion at 31 December 2012 to EUR 0.3 billion at 31 December 2013. This decrease is mainly due to the reduction of EUR 0.7 billion of deposits with the Central Bank of Luxembourg at 31 December 2013, due to a reduced reliance on investments in the programme of sterilisation of liquidity, initiated by the European Central Bank.

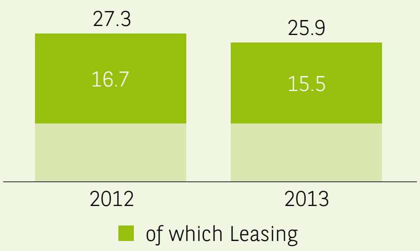
Available-for-sale financial assets increased from EUR 3.2 billion on 31 December 2012 to EUR 3.3 billion on December 31, 2013. This slight variation is due mainly to the increase in the portfolio of euro-zone bank bonds.

Loans and receivables due from credit institutions fell by EUR 0.6 billion or down 7% to EUR 8.4 billion at 31 December 2013. This was the result of Bank's lower outstanding loans to companies in the BNP Paribas Group.

Loans and receivables due from customers fell from EUR 27.3 billion at 31 December 2012 to EUR 25.9 billion at 31 December 2013, a decrease of EUR 1.4 billion (-5%). This decline is primarily due to the reduction in outstanding loans in certain leasing activities being run down in line with the plan to modify the portfolio of non-strategic assets. In terms of banking activities, loans and receivables due from customers were stable, with just a slight decrease of EUR 0.1 billion, largely because of the final phase of the transfer to BNP Paribas in Germany of loans granted to large German companies. At the Retail and Corporate Banking Luxembourg (BDEL), average outstanding loans increased by 2%, supported by growth in real estate loans of 9%.

Loans and receivables due from customers

in billions of euros



Held-to-maturity financial assets decreased by EUR 139 million, down 27% from EUR 509 million at 31 December 2012 to EUR 370 million at 31 December 2013 following the decision not to fully reinvest in bonds to hold to maturity, when cash refunds were obtained from maturing positions.

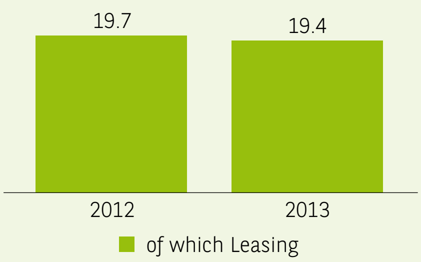
On the **liabilities** side, **Financial liabilities at fair value through profit or loss** decreased by EUR 0.3 billion, down 28%, from EUR 1.2 billion at 31 December 2012 to EUR 0.9 billion at 31 December 2013. This decline is mainly due to lower issuances under the European Medium-Term Note (EMTN) programme.

Due to credit institutions fell by 16%, from EUR 12.1 billion at 31 December 2012 to EUR 10.1 billion at 31 December 2013. This decline can be accounted for as a result of lower financing needs for leasing following the reduction in outstanding loans of non-core activities being run down.

Due to customers went from EUR 19.7 billion at 31 December 2012 to EUR 19.4 billion at December 31, 2013, a decrease of 2%, holding up well despite the departure of non-resident clients following the announcement of the change of rules on the automatic exchange of information from 1 January 2015. At Corporate Banking Luxembourg, deposits increased (up 9%), supported by a good inflow of funds from both corporate and institutional clients.

Due to Customers

in billions of euros



Wealth Management saw its deposits fall slightly, down 3%.

This decrease was limited since some of the proceeds from sales of clients' securities portfolios were left on deposit.

Debt Securities fell from EUR 2.6 billion at 31 December 2012 to EUR 1.5 billion at 31 December 2013, a decrease of EUR 1.1 billion (-42%). This decrease of EUR 0.7 billion is primarily the result of lower outstandings of short-term paper (European Commercial Paper) due to market conditions at that time, and in particular due to the extremely low rates which caused investors to turn to other products that offered a higher return.

Own Funds

Total equity amounted to EUR 7.0 billion at 31 December 2013 of which EUR 5.7 billion represent Group share.

Regulatory capital excluding profit for the current year increased by EUR 5.8 billion to EUR 5.9 billion.

The **solvency ratio** was 25.7% at 31 December 2013 compared with 22.8% at 31 December 2012 (excluding profit for the current year).

Risk management within the Bank

The Bank's risk management policies are described in detail in Note 5 to the consolidated financial statements at 31 December 2013.

This policy is designed to ensure proper deployment of all necessary measures to comply fully with the required standards of governance. In addition to the central management bodies that coordinate risk monitoring, each of the Bank's business lines has a permanent Control function dedicated to that particular activity and which assumes primary responsibility for the risks arising within the activities of each business line.

At central management level, the different types of risk are monitored and managed by special committees, which meet on a regular basis. Credit risk is monitored by the Central Credit Committee (which meets once a week); market risk and liquidity risk are monitored by the Asset & Liability Committee (which meets once a month) and operational risk is monitored by the Committee for the Coordination of Internal Control and Risk Prevention (which meets twice a quarter) and the Permanent Control Committee (which meets every six months).

The Bank has set up permanent structures and adopted strict risk management procedures consistent with the requirements of Basel II and of the regulatory authorities.

The Bank's activities.

Retail and Corporate Banking Luxembourg (BDEL)

In 2013, BGL BNP Paribas reaffirmed its position as the second largest bank for resident individuals in the Grand Duchy of Luxembourg, with 223,000 customers (16%[1] of declared market share). It is the foremost bank for corporations, with nearly 36,000 clients (35%[2] of declared market share).

Retail and Corporate Banking Luxembourg offers a wide range of financial products and services to individual customers, professionals and businesses through its network of 40 branches and its services or departments dedicated to companies. The Corporate Bank (BEL) has 4,100 business customers with a turnover in excess of EUR 7.5 million and covers the activities of Commercial Banking, Corporate Banking, Real Estate Financing and the Public Sector, as well as the business centre in Trier-Saarbrücken.

For the domestic Private Bank, which is the third pillar of BDEL, 2013 was the first year of operation in its target configuration. The model of a private bank backed by the branch network worked perfectly both in terms of upstreaming[3] and of capturing new cash. With its six Private Banking Centres spread across the country and the quality of the local offering of Wealth Management, the domestic Private Banking arm offers a full range of products totally adapted to the needs of a wealthy resident clientele by providing global support for their wealth management.

Retail Banking has resolutely implemented its A³ programme, whose 3 points – Attention, Activation, Acquisition of customers – constitute a proactive approach to customer relations.

The Bank continued its project to modernise the network of branches throughout 2013. Thus, the branches in Kayl and Mondorf-les-Bains moved into fully renovated premises. The branches in Esch Centre,

1) TNS-ILRES survey October 2012
2) TNS-ILRES survey October 2012
3) Upstreaming: Referring clients from the branches to the private banking centres

Esch-Benelux and Merl-Belair have, in turn, benefited from a renovation of their counters. Also of note is the opening of two new branches combining proximity and new technologies, which are located in urban areas with high potential: Esch-Belval and the "Jardins de Luxembourg" in Merl. In parallel, the Bank continued to improve its network of ATMs which are constantly evolving towards greater interactivity and integration to complete the existing multichannel model. These investments allow the Bank to continue to fulfill its primary mission: To provide a local high-quality service to customers.

NetAgence

In 2013 the Bank launched the *NetAgence,* which provides an initial response to all clients seeking immediate, mobile solutions, allowing them to contact the *NetAgence* by phone or internet in extended hours. In addition, customers now have the possibility to open an account remotely and they can benefit from *the e-ssentiel,* a dedicated, daily, free banking product. The *NetAgence* is a real partner for the sales teams of the branch network, since it offers customers the opportunity to carry out many everyday banking operations without having to visit their branch.

In the Bancassurance business, we can report an extension of the range of products offered through the Comprehensive Home AxiHome and Optilife, an insurance product dedicated to individuals resident in Luxembourg.

The BNP Paribas Priority Offer, for residents and cross-border commuters who are at the stage of setting up their assets, has evolved and allows each member to have access to extended, exclusive services. In this context, each customer is accompanied by an experienced adviser, and benefits from a complete assessment of his personal situation and needs, receiving personalised and proactive advice, as well as extended accessibility. With the BNP Paribas Priority Offer, the Bank is reinforcing the satisfaction and loyalty of each client with a thorough knowledge of their needs.

The cross-border commuter product has been extended, since in addition to its collaboration with BNP Paribas in France, in February 2013 the Bank initiated a joint product with BNP Paribas Fortis in Belgium. This cooperation between the different countries aims to support the cross-border commuter on each side of the border and to facilitate the everyday management of their banking operations.

At the Corporate Bank (BEL) the number of customers increased by 5% year on year largely due to the project *One Bank for Corporates,* which is part of a global development strategy of the BNP Paribas Group, and to the strategy pursued by the Bank in the Greater Region.

Stable deposits experienced significant growth in 2013 through more intensive collection of deposits from customers and the development of new products. Thus the strategy pursued by the Bank in its *Cash Management* business, as well as *Connexis, Cash Concentration and Notional Pooling* products, led to a significant increase in cash inflows in 2013.

Also of note was a growth of loans granted and the very low cost of risk. This growth at all levels has been reinforced by the significant improvement in the activities of the Global Trade Services, Escrow Services, and Leasing and Factoring business, as well as the development of new products in each of these activities.

At the level of Corporate activity, the presence of the BNP Paribas Group worldwide constitutes a huge asset and the Bank can offer its customers the benefits of this international expertise.

BNP Paribas Personal Investors

BNP Paribas Personal Investors, a division of BGL BNP Paribas, specialised in savings and online brokerage, caters to a wealthy international and domestic clientele, who are looking for high quality service and investment advice over the Internet, on the phone or face to face.

In 2013, BNP Paribas Personal Investors continued to develop the expatriate clientele, through *The Bank, For Expats®* and in particular the use of the label Bank Assets and Accounts for expatriates obtained in 2011 with the Cercle Magellan (a network offering mettings, exchanges and information for practitioners working in international human resources). Several publicity campaigns targeted at expatriates were also carried out, supported by the redesign of the website *www.thebankforexpats.com* that has been optimised especially for digital tablets. *The Bank For Expats®* has thus consolidated the position of the Bank as a banking specialist of reference for expatriates or candidates for expatriation by providing personalised support.

In addition, BNP Paribas Personal Investors has strengthened its position as a specialist on the Luxembourg Stock Exchange, by increasing its ability to execute trades and to provide advice on financial markets, for the benefit of individual customers of the branch network of the Bank. The Global Invest Action and Global Invest Start Action products, designed for investors, are now an integral part of the Retail Banking service.

2013 was also marked by the launch at the end of the year of new features on the website *www.bnpparibas-personalinvestors.lu* such as paperless advices and statements, thus providing customers with online access to these documents.

These various actions resulted in continued improvement in the activity of BNP Paribas Personal Investors in 2013, both in terms of acquiring new customers and net inflows.

Wealth Management

In the Wealth Management business line, the Bank provides tailored solutions for asset and financial management, as well as a whole range of high-quality offers and services for resident and international private-bank customers.

In order to adapt to a changing regulatory and financial environment, the Bank continued its transformation of the organisation of the Wealth Management business line with the creation of three commercial divisions, each reflecting specific strategic challenges: Mature European Markets, Emerging Markets and Professional Banking.

In order to enable the sales teams of the Wealth Management business line to provide an ever-improving level of service, the Bank provided a dedicated training programme with a global approach to assets.

It should be noted that excellent results were achieved in the client segment of Ultra High Net Worth Individuals (clients who have assets in excess of EUR 25 million) where a total of more than EUR 362 million in net contributions was realised during the course of 2013. Meanwhile, the various transactions carried out– mainly in credit (an increase of 23% in outstanding credits) - illustrate the ability of the Bank to further develop the client segment of Ultra High Net Worth Individuals.

As regards the financial services provided, we can report a good performance in asset management given the fact that we are operating in a global economic context in which recovery remains uncertain.

In order to respond to the growing interest of private clients in digital solutions, the teams from the Wealth Management business line continued to develop solutions to facilitate remote contact between the customer and the Bank. Thus, we have extended our eConnect service, which is dedicated to private clients, with the addition of a new app for tablets that allows customers to view their portfolio, the performance of their asset management and a history of transactions. Other new features have been added to the eConnect service, such as eDocuments, which allows various documents issued by the Bank (account statements, management reports etc.) to be consulted in electronic format.

Also of note is a new CRM (Customer Relationship Management) tool which, has been deployed as a means to increase the interaction between the client and his advisor, with a view to developing long-term links in client relationships.

Corporate and Investment Banking / Treasury

Corporate and Investment Banking offers products and services related to equities, currency and bond markets or structured financing to all the customers of the Bank.

Whatever the product, whether it be related to risk in hedging interest rates, currencies, credit or liquidity, or connected to financing or investment, there is a direct link between different departments that make up the Corporate and Investment Banking business line on the one hand, and the banks, large corporations and institutional clients, on the other hand. As regards individual customers and small and medium-sized enterprises, the link is maintained by relationship managers.

In the stock markets, the year was marked by the strong desire of central banks to keep short rates at very low levels in order to stimulate economic growth in a sustainable way. This encouraged risk-taking among investors who are interested mainly in high yield equities and bonds. At the long-end of interest rates, tensions arose when the U.S. Federal Reserve announced its intention to gradually reduce the size of the liquidity injections it had operated up to that point by buying up Treasury securities and guaranteed securities issued to provide financing for real estate.

In the area of regulation, the Bank focused its efforts on compliance with the provisions of the European Market Infrastructure Regulation (EMIR). Similarly, the Bank sought to adjust its procedures to conform to changes in regulations on liquidity (The Liquidity Coverage Ratio (LCR), and BASEL III).

Treasury activities contributed positively to the result of the Bank despite both the continued decline in liquidity premiums compared to 2012, and the regulatory constraints that severely limit the transformation strategies. The Treasury activity thus fulfilled its role of managing liquidity up to one year for all the currencies in which the Bank deals to meet requests from customers.

Also note that the Foreign exchange and bond products trading teams, which use BNP Paribas Group systems to facilitate the centralisation of risk, enabled the Bank to achieve a solid performance in this area.

Additionally foreign exchange gains and losses evolved very positively, particularly as a result of a growing demand for hedging from corporate clients and an extension of the range of currencies traded. In this context, it should also be added that some customers now wish to trade more actively in the currencies of emerging countries through the use of Non-Deliverable Forwards (NDF).

With regard to the activity in Fixed Income Sales, the desks specialise by product and by customer type.

In 2013 thanks to increased cooperation with those responsible for Corporate Banking, the Corporate Sales teams delivered an excellent performance, enabling Corporate Banking customers to find solutions to their needs in terms of both conventional and structured products for exchange rates and interest rates.

In the Structured Capital Market Department, the year was marked by the acquisition of new customers, as well as the renewal of funding granted to existing strategic customers of the Bank.

The Optimisation & Structured Leasing Department continued the structuring and implementation of optimised financing solutions for a growing number of businesses both in Luxembourg and internationally, working in close collaboration with the Corporate Banking teams, and whilst diversifying its product portfolio and expanding partnerships with local banks.

In the Global Equities and Commodity Derivatives department, the Equity Finance/Equity Trading activity consolidated its access to market liquidity with the development of a new financing tool - the multi-collateral repo. This has enabled the activity to continue its development, while minimizing the impact on liquidity ratios.

In partnership with all departments and divisions of the BNP Paribas Group, the Financial Institutions Group contributed to the development of tailored solutions, adapted to the specific needs of large institutional clients. Thus, the Financial Institutions Group, working closely with teams from Fixed Income and BNP Paribas Securities Services (the Luxembourg branch of BNP Paribas Securities Services SCA), contributed to the establishment and promotion of a range of services that meet the requirements of the Regulation for the European Market Infrastructure Regulation (EMIR).

A similar approach was adopted in collaboration with BNP Paribas Investment Partners and BNP Paribas Securities Services to provide tailored solutions to insurance companies aiming to meet European Solvency II regulations.

BNP Paribas Leasing Solutions

In close collaboration with the Bank, the various leasing divisions of the BNP Paribas Group, operating under the name BNP Paribas Leasing Solutions, offer corporates and professionals a variety of leasing and rental solutions ranging from equipment financing to fleet outsourcing, by using multiple channels including direct sales, or sale via referrals, partnerships and banking networks.

To provide the highest quality service to its clients, BNP Paribas Leasing Solutions is organised by market specialty, with dedicated sales teams covering:

- *Equipment & Logistics Solutions* for professional rolling-stock; agricultural machinery, construction and public works and handling equipment, and commercial and industrial vehicles;
- *Technology Solutions* for office software, IT and telecom equipment;
- *Bank Leasing Services* for leasing products and services to customers from the banking networks of the BNP Paribas Group.

For the 4th consecutive year, BNP Paribas Leasing Solutions has been ranked European leader in the financing of capital goods in terms of new contracts (source: 2012 Leaseurope ranking, in association with Arval, as published in August 2013) thereby confirming its contribution to financing the real economy.

BNP Paribas Leasing Solutions continues to pursue its ambition to support its multinational partners in China and has thus increased the range of BNP Paribas products, offered through its investment in Jiangsu Financial Leasing, one of 20 specialised institutions regulated by the Central Bank of China.

This investment will expand the geographical coverage of BNP Paribas Leasing Solutions.

Whilst already having a strong presence in Germany, Austria, Belgium, Spain, France, Italy, Luxembourg, the Netherlands, Poland, Portugal, Romania, and the UK , BNP Paribas Leasing Solutions is also active in countries with high potential such as Turkey. Finally it offers equipment financing solutions through BNP Paribas entities in Algeria, the Ivory Coast, Gabon, Morocco, Tunisia and the United States.

Leasing International

Throughout 2013, outstandings in the activities of Leasing International were down about 7% compared to the previous year. Lower volumes related to those activities being wound down, in line with the strategy to adapt the non-strategic portfolio activities, was off-set by the strong performance of Technology Solutions, and Equipment & Logistic Solutions, whose volumes exceeded targets.

The strength of rate margins due to a selective policy in terms of profitability, on a constant basis of consolidation, limited the decline in interest income to a fall of EUR 10.9 million, a 2% reduction.

The change in other income allowed Revenues from Leasing International, on a constant basis of consolidation, to increase by EUR 27.5 million or up 4%.

Still on a constant basis of consolidation, Management fees were kept under control and posted a decline of EUR 21.5 million or down 7%, to achieve a favourable 42.9% operating ratio.

Cost of risk is mastered.

The International Leasing business recorded, at constant consolidation method, a contribution to net Group share income which increased by EUR 15.9 million or 20%.

Human Resources

Following the announcements made by the Luxembourg Government in April 2013 relating to the introduction of automatic information exchange as from 2015, the sales consultants of the Bank had to use tact and judgment to respond to the many issues and questions that were raised by numerous non-resident clients. This additional work was accomplished through the exemplary commitment of the employees - both in the business line directly and in all the support areas - and the Board of Directors would like to thank them warmly for their commitment throughout this year under review. These efforts were all the more remarkable given that this combination of an avalanche of new regulations and the difficult economic climate have been testing the capacity and the resilience of all the Bank's employees for many years.

Nevertheless, despite these unfavorable circumstances, the scores received in the satisfaction survey Global People Survey, which is conducted annually with all employees, are still progressing positively. Frequent communication with the employees and getting them involved in arranging their workspace and organising their work, are thus bearing fruit.

The labour market remained exceptionally quiet, with net turnover in 2013 at a record low. The decline in external mobility was offset by a policy of internal mobility, allowing employees to grow and develop their skills through assignment changes.

Remaining faithful to a long tradition, the Bank has addressed employee relations' matters - particularly in the context of the establishment of the 2016 strategic plan - full transparency with the social partners, in order to work together to find solutions and answers to the various social issues emerging in a banking world that is characterised by profound changes.

The Board wishes to emphasise the quality of collaboration with all of its social partners. It thanks them for their responsible and constructive cooperation and for their important contribution to the well-being of the employees of the Bank on a daily basis.

Staffing situation within BGL BNP Paribas

At 31 December 2013, the total number of employees at the Bank in Luxembourg was 2,670 including 1,395 men (52.25%) and 1,275 women (47.75%). In 2013, the Bank hired 116 new employees (86 fixed-term contracts and 30 contracts of indefinite duration).

The percentage of employees working part-time increased from 22.44% (or 595 people) in 2012 to 23.18% (or 619 people) at the end of 2013.

27 nationalities are represented within the Bank, with the following breakdown of countries:

Luxembourg	39.40%
France	30.86%
Belgium	18.58%
Other EU countries	10.90%
Non-EU countries	0.26%

Social Responsibility & External Relations

As a corporate citizen, BGL BNP Paribas has been active for a long time in different areas of sponsorship within the sports, arts and cultural communities of Luxembourg. BGL BNP Paribas has indeed been one of the main sponsors of the Luxembourg Olympic and Sports Committee (COSL) for many years.

Each year the Bank actively participates in major events organised by the COSL promoting sporting activities for the general public, in events such as the *Spillfest,* the *Olympiadag,* etc.

Also of note was that, in 2013, the Bank was one of the main sponsors of the Games of the Small States of Europe that took place in Luxembourg in late May 2013.

As a longstanding partner of the Philharmonia and the Philharmonic Orchestra of Luxembourg, the Bank continues to support these key institutions of the Luxembourg cultural scene. At the end of 2012 BGL BNP Paribas made its cello nicknamed the "Luxembourger" by

Matteo Goffriller available for use by the Philharmonic Orchestra of Luxembourg.

Moreover, in order to limit its impact on the local and international environment, the Bank has always followed an ambitious policy in the field of social and environmental responsibility. We should recall that in this context in 2011, BGL BNP Paribas was the first commercial bank in the Financial Sector in Luxembourg to obtain the label of a Socially Responsible Enterprise (SRE).

At Group level, for BNP Paribas social and environmental responsibility has become a strategic issue, with clear public commitments and sectorial policies governing the investments and commitments of the Group in sensitive sectors such as defense, the coal industry, tar sands, etc.

As a player in the real economy - and especially in these times of economic crisis – the Bank has displayed a willingness to address the economic dynamics of the country. The Bank exercises its economic responsibility, on the one hand, through different tools such as Microfinance (by investing in the Luxembourg Microfinance & Development Fund), Social Entrepreneurship or Socially Responsible Investment and, on the other hand, through an innovative project: the *Lux Future Lab*.

The *Lux Future* Lab was launched in mid-2012 as a pilot project and it is probably one of the most avant-garde projects that Luxembourg has witnessed. It consists of two platforms: One entrepreneurial, the other dedicated to training/education – the Lux Future Lab aims to have a positive impact on the social and economic dynamics of the country by encouraging individuals who have reached a crossroads in their personal development to re-train, develop business ideas and interact with others. *Lux Future Lab* now welcomes around a hundred entrepreneurs and thus constitutes one of the most important incubators in the country.

The platform dedicated to training/education has also progressed well, thanks to the second edition of the *Summer School,* which aims to encourage young people to take an active interest in their future by thinking "out of the box" and in terms of excellence. In 2013, the school hosted twenty-seven students and fifty participants over a two-week period. It won first prize in the Luxembourg Innovation Award within the BNP Paribas Group.

We can also note that since 2011, the Bank has been responding to the needs of associations and NGOs through its Click NGO program. Since these associations have special needs, the Bank has set apart an entire customer segment for them, with a dedicated portal on its homepage: One click and totally seamlessly, these associations and NGOs can access the full-range of financial and non-financial products that are dedicated to them. So, Click NGO allows associations to apply directly via the site, if there is availability, to obtain the IT equipment that the Bank replaces regularly. Since the launch of this operation, nearly 400 computers have been distributed to support community projects, thus also providing a second life to the computer equipment.

One of the flagships of Click NGO is the programme of lending out skills. Launched in mid-2012, it has become a real support for charitable associations that regularly requests this resource: 10 missions were conducted in 2013 with 50 volunteers. Over two years, no fewer than 120 volunteers have participated in 19 missions in the field of solidarity and education.

Finally, as part of "Opération Coup de Pouce", with the help of the employees of BNP Paribas Group in Luxembourg who are actively involved in charitable organizations, 31 projects were supported in 2013, raising a total of EUR 86,000. Since the creation of "Opération Coup de Pouce" in 2010, nearly 100 projects have been supported and EUR 275,000 have been raised.

The new building on the Kirchberg site: CBK II

The CBK II building project involves the construction of two interconnected office buildings in the grounds of the Bank's headquarters at the Kirchberg: They will be occupied by the different divisions of the BNP Paribas Group in Luxembourg.

Currently the BNP Paribas Group in Luxembourg operates out of several central buildings, and the objective of the CBK II construction project is to bring together the employees of the various Group divisions at the Kirchberg site. In line with its policy of responsibility, the Bank has focused on respect for the environment in the design of the project. Particular attention has been paid to eco-friendly technologies and to ensuring a minimum consumption of energy and natural resources.

Work on the site began in March 2013. Upon completion of the construction, which is scheduled for June 2016, the site will accommodate nearly 4,000 employees of the BNP Paribas Group and have a total building area of 86,000 m².

UNCONSOLIDATED MANAGEMENT REPORT

Unconsolidated Results

The report comments on the unconsolidated financial information prepared in accordance with legal and regulatory requirements in Luxembourg, in particular the legislation dated 17 June 1992, as amended, governing the accounts of Luxembourg credit institutions.

The results for 2012 and 2013 were both impacted by non-recurring exceptional items. These factors must be taken into account for any analysis of the financial statements BGL BNP Paribas.

Profit and loss account *In millions of euros*	2013 Total	2012 Total
Revenues	**819.0**	**862.1**
Other income / Operating expenses	18.1	39.9
Overhead costs	(569.6)	(575.6)
including administrative overhead costs	*(393.2)*	*(396.3)*
including value corrections on intangible and on tangible assets	*(176.4)*	*(179.3)*
Gross operating income	**267.5**	**326.4**
Value corrections in respect of receivables, marketable securities described as financial fixed assets and participating interests	(70.5)	(124.2)
Operating income	**197.0**	**202.2**
Other non operating items	0.2	0.5
Proceeds resulting from the dissolution of amounts listed in the fund for general banking risks	-	35.0
Pre-tax income	**197.2**	**237.7**
Tax	(50.9)	(46.4)
Net income	**146.3**	**191.3**

Exceptional items

In both 2012 and 2013 the financial results were impacted by different exceptional items.

Due to the slowdown in asset management activities and reduced development prospects, the Bank recorded value adjustments to reduce the value of its stake in BNP Paribas Investment Partners (BNPP IP) of EUR 50.5 million in 2013 (compared with EUR 50.0 million in 2012). In addition, following the sale of its shares, its shareholding fell from 5.11% in 2012 to 4.96% in 2013.

In 2012, the Bank reduced its exposure to sovereign debt, which had a negative impact of EUR 21.8 million on the 2012 results.

In view of the impact on the Bank's business model of the regulatory changes and the announcement of the automatic exchange of information as from 1 January 2015, BGL BNP Paribas has set up a plan for early retirement on a voluntary basis. This has resulted in the recognition of a provision of EUR 41.4 million in other operating expenses in 2013.

In 2012, the Bank reduced its *Funds for general banking risks* by EUR 35.0 million to partially offset the exceptional depreciation and value adjustments on investments and losses incurred on sales of sovereign debt.

Profit and loss account excluding exceptional items	2013	2012
In millions of euros	Total	Total
Revenues	819.0	862.1
Other income / Operating expenses	59.5	39.9
Overhead costs	(569.6)	(575.6)
including administrative overhead costs	*(393.2)*	*(396.3)*
including value corrections on intangible and on tangible assets	*(176.4)*	*(179.3)*
Gross operating income	308.9	326.4
Value corrections in respect of receivables, marketable securities described as financial fixed assets and participating interests	(20.0)	(36.4)
Operating income	288.9	290.0
Other non operating items	0.2	0.5
Proceeds resulting from the dissolution of amounts listed in the fund for general banking risks	-	-
Pre-tax income	289.1	290.5
Tax	(78.1)	(72.0)
Net income	211.0	218.5

Excluding these special items, revenues fell by EUR 43.1 million or 5%, while overheads were mostly stable, with just a slight decrease of EUR 3.1 million or 1%. Net profit fell by EUR 7.5 million (-3%).

Changes in the income statement

For 2013, the sum of ***net interest income from securities, net commission income and net profit from financial transactions*** made by the Bank was EUR 819.0 million, down EUR 43.1 million or 5% compared to the previous year.

Net interest income rose from EUR 532.0 million to EUR 548.3 million, an increase of EUR 16.3 million or 3% compared to the previous year. Net interest income from Retail and Corporate Banking Luxembourg (BDEL) and Wealth Management fell slightly (down EUR 2.4 million); however growth in outstanding assets, primarily at the Corporate Banking in Luxembourg, offset the erosion of assets in Wealth Management.

Interest income generated by Treasury also declined due to the fact that market conditions (in terms of liquidity premiums) were less favourable in 2013 than in 2012.

This was offset by the significant decrease in interest payable linked to the issuance of structured products, itself largely offset by revenues from financial transactions.

Net commission income grew by EUR 11.6 million or 7% compared to the previous year: Rising from EUR 168.3 million in 2012 to EUR 179.9 million in 2013. This positive development is mainly due to higher commissions on transactions in client securities portfolios, which showed an increase of EUR 6.4 million or 15%.

Income from securities increased by EUR 2.6 million, from EUR 53.0 million in 2012 to EUR 55.6 million in 2013, due to a slight increase in dividends received from certain subsidiaries.

Net profit from financial transactions declined considerably (from EUR 108.8 million in 2012 to

EUR 35.2 million in 2013). The development of financial markets in 2012 had enabled the Bank to benefit from significant value readjustments due to rising financial markets and to release excess value adjustments recorded under repayments of a portion of the bonds in the structured credit portfolio (down EUR 50 million compared to 2012). In addition, this accounting item was impacted by the decrease in received option premiums in connection with the issuance of structured products. This impact is largely offset by the reverse evolution in the accounting item *Net interest income*.

Other operation income, which amounted to EUR 70.2 million for 2013 compared with EUR 61.9 million in 2012, includes costs recharged to other Group entities in Luxembourg.

At 31 December 2013, ***Administrative overhead costs*** amounted to EUR 393.2 million compared to EUR 396.3 million at the end of last year, a decrease of EUR 3.1 million or down 1%.

Staff costs stood at EUR 254.7 million on 31 December 2013, an increase of EUR 11.0 million or 4%, mainly due the mandatory salary adjustments provided for under the collective employment agreement and the salary adjustments to reflect the rise in the cost of living index. Other administrative costs amounted to EUR 138.4 million showing a decrease of EUR -14.1 million or 9%. This decrease is due to a reduction in costs related to the Simple & Efficient programme, aimed to simplify the Group's way of functioning and to improve operating efficiency). These costs which amounted to EUR 19.9 million in 2012, were only EUR 6.2 million in 2013 ,thus enabling the Bank to achieve recurring savings of EUR 10.6 million in 2013.

Other operating expenses rose, compared to the previous year, and amounted to EUR 52.1 million in 2013 compared with EUR 22.0 million at the end of 2012. In 2013, this accounting item included a provision of EUR 41.4 million related to the new plan for early retirement on a voluntary basis. In 2012 it included the creation of a provision related to a guarantee given to Cardif Lux Vie S.A. at the time of the merger in 2011 of the life insurance divisions; and due to pre-existing disputes within Fortis Luxembourg Vie S.A.

Additions/reversals for value creations on receivables and provisions for possible debts and commitments remained under control, with a net provision for value adjustments of EUR 8.6 million in 2013 compared to EUR 38.7 million in 2012. This variation is mostly related to the addition to the lump sum provision for assets at risk amounting to EUR 16.0 million, which was made in 2012, and the decrease of specific provisions from EUR 22.7 million in 2012, to EUR 8.6 million in 2013.

Additions/reversals for value creations on marketable securities described as financial fixed assets, on investments in subsidiaries and shares in subsidiaries and affiliates showed a net charge of EUR 61.9 million compared to a net charge of EUR 85.5 million in 2012. In 2012, following the decline in value of asset management activities of BNP Paribas Investment Partners S.A., the Bank had to record an adjustment of EUR 50.0 million related to this investment. In 2013, the Bank recorded an additional provision of EUR 50.5 million on the same investment. In addition, during 2012 the Bank sold a portion of its sovereign debt bond portfolio and registered a loss of EUR 18.0 million on the sale of Portuguese sovereign debt bonds and a loss of EUR 3.8 million on foreign exchange and sale of its Greek sovereign debt bonds.

In 2012, the Bank reduced its ***Fund for general banking risks*** by EUR 35.0 million in order to partially offset the exceptional depreciation and value adjustments on investments and losses incurred on sales of sovereign debt. This countercyclical reserve was set-up preventively, during favourable economic periods, with the aim of its being used in less favourable times.

Taxes on ordinary income amounted to EUR 50.4 million compared with EUR 45.8 million, an increase of EUR 4.6 million or 10%.

Extraordinary income was EUR 84.8 million in 2013, due to capital gains arising fromthe transfer of two properties to real estate companies owned by the Bank. These gains may be exempt from capital gains taxes, under Article 54 of the Law on income tax. Therefore, these gains are offset by depreciation charges, recorded in the accounting item ***Additions to "special items with a share of the reserves"***.

Finally, the Bank recorded an unconsolidated ***net profit*** of EUR 146.3 million (EUR 191.3 million in 2012) a decrease of EUR 45.0 million (or 24%) compared to the previous year. Excluding the exceptional items mentioned above, the decrease in unconsolidated net profit is limited to EUR 7.5 million or 3%.

Balance Sheet

The total balance sheet amounted to EUR 31.2 billion at 31 December 2013, a reduction of EUR 1.6 billion or 5%, mainly due to a reduction in the issuance of short and long-term paper by the Bank.

On the ***assets*** side of the balance sheet ***Cash, credit notes with central banks and post office banks*** decreased by EUR 1.0 billion to EUR 306 million. This decrease is a result primarily of the decrease of EUR 700 million in deposits with the Central Bank of Luxembourg, following a reduced need for recourse under the programme of sterilisation of liquidity initiated by the European Central Bank.

Receivables from credit institutions decreased slightly by 1% and essentially represent interbank placements within the BNP Paribas Group.

Receivables due from customers remained stable at 12.5 billion euros. Retail and Corporate Banking in Luxembourg saw its average outstanding loans, grow by 2 % mainly supported by an increase in mortgage loans which grew by 9%. Conversely, of note is the decrease in funding granted to divisions owned by the Bank and the last phase of the transfer to BNP Paribas in Germany of loans granted to large firms in German-speaking countries.

Bonds and other fixed income securities were down compared to the previous year from EUR 4.7 billion to EUR 4.5 billion, in particular following the maturity of certain bond positions whose proceeds were not fully reinvested in this portfolio classification.

Equities and other variable-income securities decreased by EUR 41 million to EUR 199 million due to the lower value of shares in the trading activity "Global Equity Commodities and Derivatives (GECD)".

Intangible fixed assets essentially reflect Goodwill, of an initial amount of EUR 802 million, following the merger with BNP Paribas Luxembourg S.A. on 1 October 2010. Goodwill is amortised over a five-year period, and was written down by 160.5 million euros in 2013. At 31 December 2013, the residual value was EUR 281 million.

On the ***Liabilities*** side, the item ***Due to credit institutions*** rose slightly from EUR 2.7 billion in 2012 to EUR 2.8 billion in 2013. This item mainly contains deposits made by other divisions of the BNP Paribas Group with the Bank.

Due to customers remained stable at EUR 19.0 billion on 31 December 2013. This accounting item has stood up well to the departure of non-resident clients following the announcement of regulatory change in the automatic exchange of information as from 1 January 2015. In the Corporate Bank in Luxembourg, deposit growth increased significantly by 9%, mainly due to the excellent receipt of funds from business and institutional clients. Wealth Management saw its deposits fall slightly, by 3%. This decrease is limited, due to the allocation to deposit accounts of the proceeds of sales of securities portfolios of customers.

Debt securities decreased from EUR 3.5 billion in 2012 to EUR 2.1 billion in 2013, a reduction of EUR 1.4 billion. This decline is due, partly, to lower issuance of short-term paper because of less favorable market conditions, and, in particular, to the extremely low rates which prompted investors to turn to other products offering a superior return. On the other hand, stopping the issuance of structured products on behalf of other divisions in the BNP Paribas Group, combined with refunds of non-renewed issuances under the EMTN programme, also contributed to the decrease in this accounting item.

Other liabilities decreased by EUR 0.4 billion, going from EUR 1.4 billion to EUR 1.0 billion primarily due to the maturity of a short sale of securities in the context of structured transactions.

If these proposals are accepted, a gross dividend of 5.18 euros per share will be payable to shareholders in respect of the financial year 2013 on presentation of coupon n° 34.

Appropriation of Earnings

Profit available for distribution is as follows:

Net Profit for the period	EUR	146 300 735.00
Profit brought forward	EUR	314 867.49
Profit to appropriate	**EUR**	**146 615 602.49**

The proposed appropriations submitted to the General Meeting of shareholders are as follows:

Statutory allocations	EUR	1 494 053.52
Dividend of 5.18 euros to 27 979 135 shares	EUR	144 931 919.30
Profit to carry forward	EUR	189 629.67
Total	**EUR**	**146 615 602.49**

During the General Meeting, Shareholders are asked to approve the transfer of € 90.6 million from free reserves to a reserve that is unavailable for wealth tax, in order to reduce the wealth tax charge relative to the 2013 financial year. Under current tax law, this reserve must be maintained for five tax years, following the year of the reduction. Similarly, it is proposed to the General Meeting to transfer an amount of EUR 32.8 million from the reserve that is unavailable for wealth tax for the year 2008, to the free reserve.

Equity

At 31 December 2013, ***Fully subscribed*** and paid-up capital amounted to EUR 713.1 million represented by 27,979,135 shares.

Regulatory unconsolidated own funds, excluding the Bank's net income for the current year as at 31 December 2013, included in the calculation of the solvency ratio, amounted to EUR 5.2 billion compared with EUR 5.1 billion at 31 December 2012.

Acquisition and holding of treasury stock

In compliance with Article 49-3 (c) of the Law on commercial companies, the Bank declares that it has not conducted a share buyback in 2013. At 31 December 2013, the Bank did not hold any of its own shares.

OUTLOOK FOR 2014

The activities of the strategic business lines continue to develop satisfactorily given the economic environment in the euro zone and the constraints imposed by regulatory and legislative developments. Particularly in the context of the announcement of the automatic exchange of information on interest payments as from 1 January 2015, the Bank has implemented important measures to support its customers throughout this transition period and which will continue in 2014.

In parallel, the Bank has launched an ambitious programme to develop growth opportunities in its various business lines.

In 2014, the Bank will continue its policy of strong commitment to customers and investment in innovation to order to expand its range of products, by modernising its branch network, by integrating digital products, and adopting a new branch structure. In addition, the Bank will also enhance cross -selling within different divisions of BNP Paribas present in Luxembourg, develop cash management, and extent its Private Banking products to more specialised divisions.

In terms of consolidated investments, the strategic activities of Leasing International continue to develop despite the economic slowdown in Europe. The strategic devlopment of the BNP Paribas Goup relies among other things on the strong presence of leasing in Germany and aims to significantly expand its customer base.

At the same time, BGL BNP Paribas will maintain its efforts to optimise operations by pursuing the initiatives listed in the "Simple & Efficient" programme, which was launched globally by the BNP Paribas Group. This programme applies to all the business lines and geographic areas where the BNP Paribas Group operates, and aims to simplify working practices, and thereby to improve operational efficiency. We anticipate further investment in the years to come in order to generate recurring savings and to prepare the Bank to meet future challenges.

GOVERNANCE BODIES

Internal Control and Risk Management Committee

During 2013, the Internal Control and Risk Management Committee met five times. Its mission is to assist the Board of Directors in the execution of its supervisory functions, in those areas covered by the CSSF Circular 12/552 (as amended) for audit, risk and compliance.

The members of the Internal Control and Risk Management Committee are appointed by the Board of Directors. It is composed of directors who are neither management nor employees of the Bank. It is currently composed of the Chairman of the Board of Directors, as well as four other directors, one of whom chairs the Committee.

The Bank is thus not only following the recommendations of its supervisory authority and internationally recognised standards, but has also consolidated an internal control environment relevant to the safety of its operations and reflecting the best practices in this field.

Remuneration and Nomination Committee

The Board of Directors is assisted by a specialist committee, called the "Remuneration and Nomination Committee", which acts in accordance with the powers granted to it in the framework of remuneration policy, as decided by the Board of Directors, in accordance with the regulatory requirements in this area.

The Remuneration and Nomination Committee has decision-making authority with regards to the remuneration of the members of the Management Board, particularly concerning the structure of remuneration and individual remuneration. It also proposes to the Board of Directors the appointment of directors and members of the Management Board and the approval of the appointment and dismissal of the heads of internal control functions.

The Remuneration and Nomination Committee, which is composed of four members of the Board, in addition to those involved in the daily management of the company or representing the staff, met twice during 2013.

Bureau of the Board of Directors

Established in accordance with Article 16 of the Articles of Incorporation of the Bank, the Bureau of the Board of Directors' mission is to prepare the meetings of the Board of Directors. The Bureau of the Board of Directors, which is composed of the Chairman and Vice-Chairman of the Board of Directors, and the Chairman of the Management Board, met eight times during 2013.

The Board of Directors

The General Meeting of 4 April 2013, in accordance with Article 14 of the Articles of Incorporation, appointed as director Mr. Georges Heinrich who was co-opted by the Board of Directors on 11 January 2013. Mr. Georges Heinrich chairs the Board of Directors since that date.

In addition, the General Assembly took note of the resignation of Mr. Eric Martin from his functions as a director, at the date of the General Assembly, and, in accordance with Article 14 of the Articles of

Incorporation, proceeded to the appointment as director of Mr. Thomas Mennicken, to complete the term of Mr. Eric Martin.

Mr. Jean-Louis Siweck resigned from the Board of Directors with effect from 31 October 2013. Mr. Pierre Gramegna submitted his resignation from the Board of Directors with effect from 3 December 2013. The appointment of Mr. Marc Assa ended on 31 December 2013, under the age-limit set by the Internal Rules of Procedure of the Board of Directors. The Board of Directors has decided not to co-opt any administrators to complete the mandates of these three directors who have resigned.

Following the elections of the Staff Delegation which took place on 13 November 2013, the directors representing the employees resigned from their directorships as staff representatives, with effect from 6 January 2014.

In accordance with the law on the election of staff representatives, seven employees were appointed with effect from 6 January 2014 as staff representatives on the Board of Directors of the Bank. These are Mrs. Corinne Ludes and Mrs. Denise Steinhäuser and Messrs. Jean-Marie Azzolin, Gabriel Di Letizia, Jean-Claude Gilbertz, Claude Heirend and Carlo Krier.

All directorships will expire at the Ordinary General Meeting to be held in April 2015.

The Board of Directors met eight times during 2013.

Luxembourg, 13 March 2014
The Board of Directors

Fernand Roda (*1951) - *Planquadrat,* 1994 - Oil on canvas

Consolidated financial statements to 31 December 2013

Emil Schumacher (1912-1999) - *Bogen 1*, 1993 - Print

prepared according to the IFRS accounting standards adopted by the European Union

The consolidated financial statements of the BGL BNP Paribas Group are presented for the years 2013 and 2012, in compliance with the IFRS standards adopted by the European Union.

AUDIT REPORT

To the Board of Directors of BGL BNP Paribas S.A.

Report on the consolidated financial statements

Following our appointment by the Board of Directors, we have audited the accompanying consolidated financial statements of BGL BNP Paribas S.A., which comprise the consolidated balance sheet as at 31 December 2013, the consolidated profit and loss account, the statement of consolidated net income and changes in assets and liabilities recognised directly in consolidated equity, the statement of changes in the consolidated shareholders equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé" including the assessment of the risks of material misstatement of the consolidated financial statements whether due to fraud or error. In making those risk assessments the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating 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.

Opinion

In our opinion, these consolidated financial statements give a true and fair view of the consolidated financial position of BGL BNP Paribas S.A. as of 31 December 2013 and of its financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The management report which is the responsibility of the Board of Directors is consistent with the consolidated financial statements.

PricewaterhouseCoopers
Société coopérative
Luxembourg, 13 March 2014
Represented by
Paul Neyens
Rima Adas

CONSOLIDATED PROFIT AND LOSS ACCOUNT 2013

In millions of euros	*Note*	2013	2012*
Interest income	3.a	1 613.1	1 717.6
Interest expense	3.a	(483.7)	(687.3)
Commission (income)	3.b	399.4	330.1
Commission (expense)	3.b	(182.8)	(131.1)
Net gain / loss on financial instruments at fair value through profit or loss	3.c	18.1	(35.4)
Net gain / loss on financial assets available for sale	3.d	(50.3)	(103.3)
Income from other activities	3.e	505.5	410.9
Expense on other activities	3.e	(419.0)	(378.1)
Revenues		**1 400.3**	**1 123.4**
Staff costs	8.a	(478.7)	(387.2)
Other operating expenses		(212.7)	(213.8)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	6.n	(29.6)	(31.3)
Gross operating income		**679.3**	**491.1**
Cost of risk	3.f	(48.8)	(60.6)
Operating income		**630.5**	**430.5**
Share of earnings of associates	3.h	15.3	25.2
Net gain on other fixed assets		2.6	3.3
Pre-tax income		**648.4**	**459.0**
Corporate income tax	3.g	(188.2)	(116.3)
Net income on continued operations		**460.2**	**342.7**
Net income on discontinued operations	3.i	(4.2)	-
Net income		**456.0**	**342.7**
Minority interests		119.1	76.3
of which: Income on continued operations		*121.2*	*76.3*
Income on discontinued operations		*(2.1)*	-
Net income attributable to equity holders of the parent		**336.9**	**266.4**

** Restated according to the amendment to IAS 19 (see notes 1.a and 2).*

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

In millions of euros	2013	2012*
Net income	**456.0**	**342.7**
Changes in assets and liabilities recognised directly in equity	**(50.2)**	**131.3**
Changes in fair value transferable in net income	**(48.0)**	**133.4**
Items related to exchange rate movements	(52.8)	(68.2)
Changes in fair value of available-for-sale financial assets and of securities reclassified as loans and receivables	14.3	175.3
Changes in fair value of available-for-sale assets, reported to net income for the period	(1.4)	(5.1)
Changes in fair value of hedging instruments	(0.7)	13.3
Changes in fair value of hedging instruments, reported to net income for the period	-	0.1
Items related to equity associates	(7.4)	18.0
Changes in fair value non transferable in net income	**(2.2)**	**(2.1)**
Actuarial gains or losses related to defined post-employment benefits	(2.3)	(2.0)
Items related to equity associates	0.1	(0.1)
TOTAL	405.8	474.0
Attributable to equity shareholders of the parent	318.7	432.6
Attributable to minority interests	87.1	41.4

** Restated according to the amendment to IAS 19 (see notes 1.a and 2).*

CONSOLIDATED BALANCE SHEET 2013

In millions of euros	*Note*	31 December 2013	31 December 2012*
ASSETS			
Cash and amounts due from central banks and post office banks		306.9	1 335.1
Financial instruments at fair value through profit or loss			
Trading securities	*6.a*	156.3	191.7
Loans and repurchase agreements	*6.a*	26.3	10.0
Instruments designated at fair value through profit or loss on option	*6.a*	127.4	213.0
Derivatives	*6.a*	82.1	138.8
Derivatives used for hedging purposes	*6.b*	104.9	129.5
Available-for-sale financial assets	*6.c*	3 326.5	3.224.8
Loans and receivables due from credit institutions	*6.f*	8 376.1	9.018.6
Loans and receivables due from customers	*6.g*	25 869.9	27 292.9
Held-to-maturity financial assets	*6.j*	370.1	509.2
Current and deferred tax assets	*6.k*	310.6	186.3
Accrued income and other assets	*6.l*	704.7	631.8
Investments in associates	*6.m*	206.6	226.8
Investment property	*6.n*	335.5	468.7
Property, plant and equipment	*6.n*	658.0	701.3
Intangible assets	*6.n*	19.6	13.1
Goodwill	*6.o*	133.6	145.3
Non-current assets classified as assets held for sale	*6.p*	33.1	-
Total assets		41 148.2	44 436.9
LIABILITIES			
Financial instruments at fair value through profit or loss			
Trading securities	*6.a*	25.6	7.0
Borrowings and repurchase agreements	*6.a*	132.7	156.5
Instruments designated at fair value through profit or loss on option	*6.a*	641.8	877.3
Derivatives	*6.a*	78.3	174.6
Derivatives used for hedging purposes	*6.b*	31.2	60.2
Due to credit institutions	*6.f*	10 147.5	12 149.5
Due to customers	*6.g*	19 444.8	19 721.1
Debt securities	*6.i*	1 522.1	2 643.9
Remeasurement adjustment on interest-rate risk hedged portfolios		49.8	80.6
Current and deferred tax liabilities	*6.k*	687.0	581.2
Accrued expenses and other liabilities	*6.l*	1 169.0	962.3
Provisions for contingencies and charges	*6.q*	241.2	215.6
Subordinated debt	*6.i*	2.2	2.6
Total liabilities		34 173.2	37 632.4
CONSOLIDATED EQUITY			
Share capital and additional paid-in capital	*6.t*	*5 340.2*	*5 265.5*
Net income for the period attributable to shareholders		*336.9*	*266.4*
Total capital, retained earnings and net income for the period attributable to shareholders		**5 677.1**	**5 531.9**
Changes in assets and liabilities recognised directly in equity		20.0	38.8
TOTAL CONSOLIDATED EQUITY		**5 697.1**	**5 570.7**
Retained earnings and net income for the period attributable to minority interests		1 345.6	1 272.3
Changes in assets and liabilities recognised directly in equity		(67.7)	(38.5)
Total minority interests		**1 277.9**	**1 233.8**
Total consolidated equity		6 975.0	6 804.5
Total liabilities and equity		41 148.2	44 436.9

** Restated according to the amendment to IAS 19 (see notes 1.a and 2).*

STATEMENT OF CHANGES IN THE CONSOLIDATED SHAREHOLDERS EQUITY FROM 1 JANUARY 2012 TO 31 DECEMBER 2013

Attributable to shareholders

In millions of euros	Capital and retained earnings			Change in assets and liabilities recognised directly in equity **			Total equity attributable to equity holders of the parent
	Ordinary shares, net of treasury shares and additional paid-in capital	Non-distributed reserves	Total capital and retained earnings	Exchange rates	Available-for-sale financial assets	Derivatives used for hedging purposes	
Capital and retained earnings at 31 December 2011	**3 474.9**	**2 166.8**	**5 641.7**	**(7.7)**	**(122.5)**	**(2.9)**	**5 508.6**
Retrospective impact of the amendment to IAS 19	-	(14.3)	**(14.3)**	-	-	-	**(14.3)**
Capital and retained earnings at 1 January 2012 *	**3 474.9**	**2 152.5**	**5 627.4**	**(7.7)**	**(122.5)**	**(2.9)**	**5 494.3**
Dividends	-	(251.0)	**(251.0)**				**(251.0)**
Change in consolidation method*	-	(109.7)	**(109.7)**	-	-	-	**(109.7)**
Commitment to repurchase minority shareholders' interests	-	3.6	**3.6**	-	-	-	**3.6**
Other movements	-	2.5	**2.5**	-	-	-	**2.5**
Change in assets and liabilities recognised directly in equity*	-	(7.3)	(7.3)	(28.1)	186.5	13.5	**164.6**
Net income for 2012 *	-	266.4	**266 4**				**266.4**
Capital and retained earnings at 31 December 2012 *	**3 474.9**	**2 057.0**	**5 531.9**	**(35.8)**	**64.0**	**10.6**	**5 570.7**
Dividends	-	(189.7)	**(189.7)**	-	-	-	**(189.7)**
Commitment to repurchase minority shareholders' interests	-	0.9	**0.9**	-	-	-	**0.9**
Other movements	-	(3.5)	**(3.5)**	-	-	-	**(3.5)**
Change in assets and liabilities recognised directly in equity	-	0.6	**0.6**	(28.4)	10.9	(1.3)	**(18.2)**
Net income for 2013	-	336.9	**336.9**	-	-	-	**336.9**
Capital and retained earnings at 31 December 2013	**3 474.9**	**2 202.2**	**5 677.1**	**(64.2)**	**74.9**	**9.3**	**5 697.1**

** Adjusted according to the amendment to IAS 19.*
*** Including elements relative to equity associates.*

In 2012, the changes in the consolidation method relate to the acquisition of the shares of the leasing activities talking the total shareholding to 50% + 1 share, whereas this was previously 33% and accounted for as a share in associates applying the common control method of accounting for business combinations (cf note 1. b.4).

Claude Viallat (*1936) - *Untitled,* 1982 - Acrylic tarpaulin

Minority interests

In millions of euros	Retained earnings	Change in assets and liabilities recognised directly in equity **	Total minority interests
As at 31 December 2011	**-**	**-**	**-**
Dividends	(8.7)	-	(8.7)
Change in scope of consolidation *	1 237.1	-	1 237.1
Commitment to repurchase minority shareholders' interests	(8.2)	-	(8.2)
Interim dividend payments	(32.4)	-	(32.4)
Other movements	3.0	-	3.0
Change in assets and liabilities recognised directly in equity *	5.2	(38.5)	(33.3)
Net income for 2012 *	76.3		76.3
As at 31 December 2012 *	**1 272.3**	**(38.5)**	**1 233.8**
Dividends	(13.0)	-	(13.0)
Commitment to repurchase minority shareholders' interests	(0.3)	-	(0.3)
Interim dividend payments	(26.1)	-	(26.1)
Other movements	(3.6)	-	(3.6)
Change in assets and liabilities recognised directly in equity	(2.8)	(29.2)	(32.0)
Net income for 2013	119.1	-	119.1
As at 31 December 2013	**1 345.6**	**(67.7)**	**1 277.9**

** Adjusted according to the amendment to IAS 19 (see notes 1.a and 2).*
*** Including elements relative to equity associates.*

In 2012, the changes in the consolidation method relate to the inclusion of minority interests in leasing activities following the acquisition of 50% + 1 share at 30 March 2012.

CONSOLIDATED CASH FLOW STATEMENT 2013

In millions of euros	2013	2012*
Pre-tax income on continued operations	**648.4**	**459.0**
Net income on discontinued operations	(4.2)	-
Tax related to discontinued operations	(2.2)	-
Pre-tax income	**642.0**	**459.0**
Non-monetary items included in pre-tax income and other adjustments	**244.7**	**51.9**
Net depreciation/amortisation expense on property, plant and equipment and intangible assets	139.3	138.2
Impairment of goodwill and other fixed assets	6.9	12.3
Net addition to provisions	67.9	(28.7)
Share of earnings of associates	(15.3)	(25.2)
Net income from investing activities	(2.7)	3.7
Other movements	48.6	(48.4)
Net increase/decrease in cash related to assets and liabilities generated by operating activities	**(1 672.4)**	**240.7**
Net decrease in cash related to transactions with credit institutions	(872.8)	(3 103.1)
Net increaese (decrease) in cash related to transactions with customers	(535.2)	2 368.8
Net increase in cash related to transactions involving fnanciers other financial assets and liabilities	33.0	1 144.1
Net decrease in cash related to transactions involving non-financial assets and liabilities	(78.8)	(4.5)
Taxes paid	(218.6)	(164.6)
Net increase/decrase in cash and cash equivalents generated by operating activities	(785.7)	751.6
Net increase related to financial assets and participations	34.2	214.0
Net decrease related to property, plant and equipment and intangible assets	31.0	(25.7)
Net increase related to assets held for sale	93.5	-
NET INCREASE IN CASH AND CASH EQUIVALENTS RELATED TO INVESTING ACTIVITIES	**158.7**	**188.3**
Deacrease in cash and cash equivalents related to transactions with shareholders	(206.7)	(176.7)
Decrease in cash and cash equivalents generated by other financing activities	(31.8)	(4.4)
NET DECREASE IN CASH AND CASH EQUIVALENTS RELATED TO FINANCING ACTIVITIES	**(238.5)**	**(181.1)**
Effect of movement in exchange rates	13.5	8.3
Net changes in cash and cash equivalents	(852.0)	767.1

** Restated according to the amendment to IAS 19 (see notes 1.a and 2).*

(CONTINUATION)

In millions of euros	*Note*	2013	2012*
Balance of cash and cash equivalents at the start of the period		**1 440.9**	**673.8**
Cash and amounts due from central banks and post office banks		1 335.1	783.9
Due to central banks and post office banks		-	(18.7)
Demand depositi with credit institutions	*6.f*	979.1	780.3
Demand loans from credit institutions	*6.f*	(872.1)	(871.3)
Deduction of receivables and accrued interest on cash and cash equivalents		(1.2)	(0.4)
Balance of cash and cash equivalents at the end of the period		**588.9**	**1 440.9**
Cash and amounts due from central banks and post office banks		306.9	1 335.1
Demand deposits with credit institutions	*6.f*	922.8	979.1
Demand loans from credit institutions	*6.f*	(639.9)	(872.1)
Deduction of receivables and accrued interest on cash and cash equivalents		(0.9)	(1.2)
Net changes in cash and cash equivalents		(852.0)	767.1

** Restated according to the amendment to IAS 19 (see notes 1.a and 2).*

As at 31 December 2013, the BGL BNP Paribas Group had mandatory reserves of 74 million euros on deposit with the Central Bank of Luxembourg (406 million euros at 31 December 2012).

Notes to the financial statements

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

GENERALITIES

BGL BNP Paribas S.A. parent company of the BGL BNP Paribas Group, was founded on 29 September 1919 under the name Banque Générale du Luxembourg. It took the legal form of a limited liability company, operating under Luxembourg law, on 21 June 1935. The Bank's statutory name was changed to "BGL BNP Paribas" following the decision taken by the Extraordinary General Meeting of 11 June 2009, with effect from 21 September 2009.

The corporate purpose of the BGL BNP Paribas Group, hereinafter the "Group", is to engage in all banking and financial operations and services, all acquisition of participating interests, as well as to conduct all commercial, industrial or other operations, whether involving securities or real estate, on its own account or on behalf of third parties, relating directly or indirectly to its corporate purpose or being of a nature that will promote its achievement. It may perform its activities in the Grand Duchy of Luxembourg and abroad.

The BNP Paribas Group is the majority shareholder of BGL BNP Paribas. It controls 65.96% of the capital of BGL BNP Paribas, both directly and indirectly through BNP Paribas Fortis S.A.

The State of Luxembourg is a significant shareholder in the Group, with 34% of the capital.

The Group is included in the consolidated financial statements of BNP Paribas Fortis S.A. its main shareholder (50% + 1 share). The consolidated financial statements of BNP Paribas Fortis S.A. are available at its head office at 3 Montagne du Parc, B - 1000 Brussels.

The BNP Paribas Group is the largest grouping of entities in which BGL BNP Paribas is integrated as a consolidated subsidiary. The consolidated financial statements of the BNP Paribas Group are available at its head office at 16 boulevard des Italiens, F – 75009 Paris.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES APPLIED BY THE GROUP

1.a APPLICABLE ACCOUNTING STANDARDS

The consolidated financial statements have been prepared in accordance with international accounting standards (International Financial Reporting Standards – IFRS) as adopted by the European Union. Accordingly, certain provisions of IAS 39 on hedge accounting have been excluded, and certain recent texts have not yet undergone the approval process.

The consolidated financial statements are submitted to the Ordinary General Meeting on 3 April 2014.

In the consolidated financial statements as of 31 December 2013, the Group adopted the amendment to IFRS 7 "Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities" adopted by the European Union on 29 December 2012 (note 6.r). This amendment has no impact on the measurement and recognition of transactions.

Since 1 January 2013, the Group applies the amendment to IFRS 13 "Fair Value Measurement" adopted by the European Union on 29 December 2012 and recognises an adjustment of the model value of derivative instruments in order to take into account its own credit risk (see note 6.d).

Since 1 January 2013, the Group applies the amendment to IAS 19 "Employee Benefits" adopted in June 2012 by the European Union: The retirement benefit liability is recognised in the Group's balance sheet taking into account actuarial gains or losses which had not been recognised or amortised. As this amendment has a retrospective effect, the comparative financial statements as at 1 January and 31 December 2012 have been restated as presented in note 2.

Since 1 January 2013, the Group applies the amendment to IAS 1 'Presentation of Items of Other Comprehensive Income (OCI)' adopted in June 2012 by the European Union: Variations in value of non- recyclable components are presented separately from variations in value of recyclable components of other comprehensive income value, and are included in the statement of net income and changes in assets and liabilities, recognised directly in equity.

The introduction of other standards, which are mandatory as of 1 January 2013, had no significant effect on the consolidated financial statements as at 31 December 2013.

The Group did not choose to early-adopt the application of the new standards, amendments and interpretations adopted by the European Union when such application in 2013 is given as an option.

On 29 December 2012, the European Union adopted IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities" and the amended IAS 28 "Investments in Associates and Joint Ventures", mandatory in Europe for financial periods starting on or after 1 January 2014. The application of IFRS 11 will have an estimated negative impact of EUR 1.2 billion on the total assets of the Group as at 1 January 2013 since the equity method will be used to account for SREI Equipment Finance Private Ltd which has been consolidated using the proportional method as at 31 December, 2013. There is no net impact on shareholders' equity or on net income.

On 29 December 2012, the European Union adopted the amendment to IAS 32 "Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities" and on 20 December 2013 the amendment to IAS 39 "Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting", mandatory for financial periods starting on or after 1 January 2014. The Group is in the process of analysing the potential impacts of these new standards on the consolidated financial statements.

1.b CONSOLIDATION

1.b.1 Scope of consolidation

The consolidated financial statements of BGL 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 whose consolidation is regarded as immaterial in drawing up the financial statements of 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: 15 million euros of net revenue; 1 million euros of pre-tax income and 500 million euros of total assets. Companies that hold shares in consolidated companies are also consolidated. Finally, entities consolidated exclusively or jointly whose net pre-tax income is between 1 million euros and 10 million euros, are consolidated by the equity method, when they do not exceed the thresholds of net revenues and total assets, listed above.

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

1.b.2 Consolidation methods

Companies under the exclusive control of the Group are fully consolidated. The Group has exclusive control of a subsidiary when it is in position to govern an entity's financial and operational policies and thus to obtain benefits from its activities. Exclusive control is presumed to exist when the Group directly or indirectly holds more than half of the subsidiary's voting rights; it is attested when the Group has the power to govern the entity's financial and operating policies pursuant to an agreement, or to appoint, dismiss or assemble the majority of the members of the Board of Directors or of the equivalent management body.

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

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

Enterprises over which the Group exercises significant influence (associates) are accounted for by the equity method. Significant influence is the power to participate in an entity's financial and operating policy decisions, without exercising control. Significant influence is presumed to exist if the Group directly or indirectly holds 20% or more of an entity's voting rights.

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 the heading "Investments in associates" and in liabilities under the relevant component of shareholders' equity. Goodwill on associates is also shown under "Investments in associates".

Whenever there is an indication of impairment, the carrying value of investments in associates (including goodwill) is subjected to an impairment test by comparing its recoverable amount (equal to the higher of its value in use and market value) with its carrying value. Where appropriate, an impairment is recognised under "Share of earnings of associates" in the consolidated income statement and can be reversed later.

If the Group's share of losses in 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 then reported at nil value. Additional losses are provided for only when the Group has a legal or constructive obligation to do so, or when it has made payments on behalf of the associate.

This treatment of losses does not apply to associates considered to be minor, on the basis of the predefined criteria of the Group. In this case, the Group accounts for the whole of its share in the losses of these entities.

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

Realised gains and losses on investments in consolidated undertakings are recognised in the profit and loss statement under the heading "Net gain on other fixed assets", except for the realised gains and losses on assets held for sale, and discontinued operations.

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 companies in the Group 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 at Group level.

Translation of financial statements expressed in foreign currencies

The consolidated financial statements of BGL BNP Paribas are prepared in euros, which is the functional and presentation currency of the Group.

The financial statements of companies 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 over the period.

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 the Group, and in "Minority interests" for the portion attributable to outside investors.

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

Should the percentage interest held change without any modification of the nature of the investment, the cumulative translation adjustment is recorded in the profit and loss account for the share of the amount relating to the interest sold.

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, liabilities and contingent liabilities that meet the IFRS recognition criteria are measured at fair value or its equivalent on the acquisition date, except for non-current assets classified as assets held for sales, which are accounted for at the lower of the book value and the fair value less costs to sell.

The contingent liabilities of the acquired entity are only recognised in the consolidated balance sheet to the extent that they represent a current obligation at the date of the acquisition, and where their fair value can be reliably estimated.

The acquisition cost is the fair value or its equivalent, on the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued to obtain control of the acquiree. The costs directly attributable to the business combination are treated as a separate transaction and recognised through profit and loss.

Any additional costs are included in the acquisition cost, as soon as control is obtained, at fair value on the acquisition date. Subsequent changes in value of any additional costs, qualifying as a financial liability, are recognised in the profit and loss account.

The Group has a period of twelve months from the date of acquisition to finalise the accounting for the business combinations under consideration.

Goodwill represents the difference between the acquisition cost and the acquirer's interest in the net fair value, or its equivalent, of the identifiable assets, liabilities and contingent liabilities on the acquisition date. On this date, positive goodwill is recognised in the acquirer's balance sheet, while negative goodwill is recognised immediately in profit or loss.

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

At the time of the acquisition of companies already under joint control (already previously controlled by another company in the BGL BNP Paribas Group), the surplus of the purchase price relative to the historical book value of the acquired assets and liabilities is directly deducted from the shareholders equity.

At the time of taking control of an entity, any interest previously held in the latter is remeasured at fair value through profit or loss. When a business combination has been achieved through several exchange transactions (step acquisition), goodwill is determined by reference to fair value at the date of acquisition.

Since the revised IFRS 3 is only prospective, business combinations completed prior to 1 January 2010 were not restated to reflect the 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 Luxembourg accounting standards, have not been restated in accordance with the principles set out above.

When acquiring companies already previously held by another company in the BNP Paribas Group, the Group applies the common control method of accounting for business combination. Therefore, the excess of the acquisition cost, over the historical carrying values of the assets and liabilities acquired, is deducted directly from equity.

Measurement of goodwill

The Group tests goodwill for impairment on a regular basis.

Cash-generating units

The Group has split all its activities into cash-generating units, representing similar 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 generated and management approach. This distribution is reviewed on a regular basis, to take account of events likely to affect the composition of cash-generating units, such as acquisitions, disposals and major reorganisations etc.

Testing cash-generating units for impairment

Impairment tests, to ensure that the goodwill allocated to homogenous cash-generating units has not been significantly affected, are carried out whenever there is an indication that a unit may be impaired, and in any event once a year. The carrying amount of the cash-generating unit is compared to 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 defined as the higher of its fair value and its value in use.

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

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

1.c FINANCIAL ASSETS AND FINANCIAL LIABILITIES

1.c.1 Loans and receivables

"Loans and receivables" include loans granted 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 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 commissions collected (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 their amortised cost, while the income from the loan, representing interest plus transaction costs and fees/commissions included in the initial value of the loan, is calculated using the effective interest method.

Commissions earned on financing commitments prior to the inception of a loan are deferred.

Loans which include a derivative are recognised at fair value through the profit and loss account, as per the option in IAS 39 (paragraph1.c.9).

1.c.2 Securities

Categories of securities

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

Financial assets at fair value through profit or loss

Apart from derivative instruments, "Financial assets at fair value through profit or loss" are composed of:

- financial assets held for trading purposes;
- financial assets that the Group has opted, on initial recognition, to recognise 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 down out in Section 1.c.9.

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

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

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

Loans and receivables

Securities with fixed or determinable payments that are not traded on an active market, apart from securities for which the owner may not recover almost all of its initial investment due to reasons other than credit deterioration, are classified as "Loans and receivables" if they do not meet the criteria to be classified as financial assets at fair value through profit or loss. These securities are assessed and accounted for at their amortised cost.

Held-to-maturity financial assets

"Held-to-maturity financial assets" are investments with fixed or determinable payments and fixed maturity, which 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 recognised at their amortised cost using the effective interest rate method, which includes the amortisation of premiums and discounts corresponding with the difference between the acquisition value and the redemption value of the assets, as well as the acquisition cost of the assets, if significant. Income earned on these assets is included in "Interest income" in the profit and loss statement.

Securities classified as "Held-to-maturity financial assets" should not be sold before their maturity date or reclassified to another category.

If such a situation should arise, the entire portfolio "Held-to-maturity financial assets" of the Group should be reclassified as "Available-for-sale financial assets." It would then not be possible for the Group to use the category "Held-to-maturity financial assets" during the two annual periods following the declassification

A very small number of exceptions to this rule are nevertheless tolerated:

- sale concluded at a date sufficiently close to the due date;
- sale occurring after receipt of practically the full principal amount;
- sales due to an isolated, unpredictable event, and one which is unlikely to recur, (e.g. a sudden and significant downgrading of the credit risk of the issuer of a bond, a regulatory change ...);
- when the impact of the sale is determined by the Group to be immaterial compared to the whole portfolio of "Held-to-maturity financial assets".

Available-for-sale financial assets

"Available-for-sale financial assets" are fixed or variable- income securities other than those included in the previous three categories.

Assets included in this category are initially recognised at fair value plus transaction costs, when the latter are significant. On the balance sheet date, they are assessed at fair value and any variations to this value, excluding accrued income, are shown on a separate line in the shareholders equity (Unrealised or deferred gains or losses). Upon disposal of these assets, these unrealised gains or losses are transferred from shareholders equity to the profit or loss statement, where they are shown on the line "Net gain / loss on available-for-sale financial assets". The same applies in the case of depreciation.

Income recognised using the effective interest rate method for fixed-income securities within this category is recorded under "Interest income" in the profit and loss statement. Dividend income from variable-income securities is recognised under "Gain / loss on available-for-sale financial assets", when the Group's right to receive payments is established.

Repurchase agreements and securities lending / borrowing

Securities temporarily sold as part of a repurchase agreement continue to be recorded in the Group's balance sheet, in their original portfolio. The corresponding liability is recognised under the appropriate "Debts" heading, with the exception of repurchase agreements contracted for the Group's trading purposes, where the corresponding liability is classified under "Financial liabilities at fair value through profit or loss".

Securities temporarily acquired as part of a reverse repurchase agreement are not recognised in the Group's balance sheet. The corresponding receivable is recognised under "Loans and Receivables", with the exception of reverse repurchase agreements contracted for the Group's 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 in the balance sheet, except in cases where the borrowed securities are subsequently sold by the Group. In such cases, the obligation to deliver the borrowed securities on maturity takes the shape of a financial liability that is recognised in the balance sheet under "Financial liabilities at fair value through profit or loss".

Date of recognition for securities transactions

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

Regardless of their classification (whether recognised as 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 on their settlement date. For reverse repurchase agreements and repurchase agreements, a financing commitment, respectively given and received, is recognised between the trade date and the settlement date when the transactions are recognised, respectively, as "Loans and receivables" and "Liabilities". When reverse repurchase agreements and repurchase agreements are recognised, respectively, as "Financial assets at fair value through profit or loss" and "Financial liabilities at fair value through profit or loss", the repurchase commitment is recognised as a derivative financial instrument

Securities transactions are carried on the balance sheet until the expiry of the Group's right to receive the related cash flows, or until the Group has potentially transferred all of the risks and rewards related to ownership of the securities.

1.c.3 Foreign currency transactions

The method used to account for and to assess the foreign exchange risk inherent to the assets and liabilities relating to foreign currency transactions entered into by the Group depends on whether these assets and liabilities are considered to be monetary or non-monetary.

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 through profit or loss, except for any that result from financial instruments designated as a cash flow hedge or net foreign currency investment hedge that, in this case, are recognised in the shareholders equity.

Non-monetary assets 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, in the first case, translated using the exchange rate on the transaction date and, in the second case, at the exchange rate prevailing on the balance sheet date.

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

1.c.4 Impairment and restructuring of financial assets

Doubtful assets

Doubtful assets are defined as assets where the Group considers that there is a risk that the debtors will be unable to honour all or part of their commitments.

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

An impairment loss is recognised against loans and held-to-maturity financial assets when there is an objective indication of a decrease in value as a result of an event occurring after inception of the loan or acquisition of the asset, whether this event affects the amount or timing of the future cash flows, and if its consequences can be reliably measured. The analysis of the possible existence of impairment is initially performed on an individual basis, and subsequently on a portfolio basis. The provisions relative to the financing and guarantee commitments given by the Group follow similar principles, with the probability of drawdown being taken into account with regard to financing commitment.

On an individual level, an objective indication of an impairment loss includes observable data regarding the following events:

- the existence of accounts more than three months past due;
- knowledge or indications of the counterparty's significant financial difficulties, such that a risk can be considered to have arisen whether or not any arrearage has occurred;
- concessions with regard to the credit terms that would not have been granted in the absence of the borrower's financial difficulties.

The impairment is measured as the difference between the carrying amount before impairment and the present value, discounted at the original effective interest rate of the asset, and of those components (principal, interest, collateral, etc.) considered to be recoverable. Changes to the value of impaired assets are recognised in the profit and loss account, under "Cost of risk". Any subsequent reappraisal that can be objectively related to an event occurring after the impairment loss was recognised, is credited to the profit and loss account, also under "Cost of risk". From the date of the first entry, contractual interest ceases to be recognised. The theoretical income earned on the carrying amount of the asset calculated at the original effective interest rate used to discount the estimated recoverable cash flows is recognised under "Interest income" in the profit and loss account.

[1] Monetary assets and liabilities are assets and liabilities to be received or paid for in fixed or determinable amounts of cash.

Impairment losses on loans or receivables are recorded in a separate provision account, which reduces the amount at which the loan or receivable was originally recorded. 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, with this assessment drawing on the Group's internal rating system based on historical data, adjusted if necessary in order to account for circumstances prevailing on the balance sheet date. This analysis enables the group to identify counterparties that, as a result of events occurring since the inception of the loans, have collectively attained a probability of default at maturity that provides an objective indication of impairment of the entire portfolio, but without it being possible at that point to allocate the impairment individually to the individual counterparties making up the portfolio. This analysis also provides an estimate of the losses on the portfolios in question, while considering the evolution of the economic cycle over the period of the analysis. Changes to the value of portfolio impairments are recognised in the profit and loss statement, under "Cost of risk".

Based on the experienced judgment of the business lines or of the Risk department the Group may recognise additional collective provisions relative to a given economic sector or geographical area affected by exceptional economic events; this may be the case when the consequences of these events could not be measured with the necessary accuracy to adjust the parameters used to determine the collective provision applicable to portfolios of loans with similar characteristics that have not been specifically impaired.

Impairment of available-for-sale financial assets

Impairment of "Available-for-sale financial assets", primarily consisting of securities, is recognised on an individual basis when there is an objective indication of impairment resulting from one or more events that occurred since acquisition.

In case of variable-income securities listed on an active market, the control system identifies securities that may be impaired on a long term basis, using the two following criteria: A significant decline in quoted price below the acquisition cost or the duration over which an unrealised capital loss is noted, in order 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: The first being a significant decline of the share price, defined as a fall of more than 50% of the acquisition price; the second being an observation of unrealised capital gains during the 24 months preceding the statement of account, and the third when there is an unrealised loss of at least 30% over an average period of one year. A period of two years is considered by the Group as the period that is necessary for a moderate price decline below the purchase cost to be considered as something more than just the effect of random on volatility inherent to the stock markets or a cyclical change over a period of several years, that affect these markets but that represents a lasting phenomenon justifying an impairment.

A similar method is applied for unlisted variable-income securities. Any impairment loss is calculated on the basis of the model value.

In the case of fixed-income securities, the impairment criteria are the same as the ones that apply to the depreciation of loans and receivables on an individual basis. For securities quoted on an active market, impairment loss is calculated on the basis of the quoted price; for others, impairment loss is calculated on the basis of the model value.

Impairment losses on variable-income securities are recognised within the net banking income under the "Net gains or losses on available-for-sale financial assets" and may not be reversed to earnings, if relevant, until such time as these securities are sold.

Moreover, any subsequent decline of the fair value constitutes an additional impairment loss that is recognised through profit or loss.

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

Restructuring of assets classified in "loans and receivables"

The restructuring of an asset classified in "loans and receivables" is considered to be troubled debt restructuring, when the Group, for economic or legal reasons related to the financial difficulties of the borrower, agrees to a modification in the terms and conditions of the original transaction, that it would not otherwise consider, with the result that the borrower's contractual obligation to the Group, measured at present value, is reduced compared to the original terms.

At the time of restructuring, a discount may be applied to the loan to reduce its carrying amount to the present value of the new expected future cash flows discounted at the original effective interest rate.

The decrease in the value of the asset is recognised in profit and loss under "Cost of risk".

When the restructuring consists of a partial or full settlement with other substantially different assets, the original debt (see note 1.c.12) and the assets received in settlement are recognised at their fair value on the settlement date. The difference in value is recognised in profit and loss under "Cost of risk".

1.c.5 Reclassification of financial assets

The 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 on the reclassification date and the group has the intention and ability to hold the asset for the foreseeable future or until maturity;
  - other categories only under exceptional circumstances, provided that the reclassified assets meet the conditions applicable to the host portfolio.
- out of the "available-for-sale financial assets" category 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" category for assets that have a maturity or "financial assets at cost" for unlisted variable-income assets.

Financial instruments are reclassified at fair value on the reclassification date. Any derivatives embedded in the reclassified financial assets are, when relevant, recognised separately and any 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 assets 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 as an adjustment to the effective interest rate as at the date of the estimate revision. Downward revisions are recognised through an adjustment to the financial asset's carrying amount.

1.c.6 Issues of debt securities

Financial instruments issued by the Group are qualified as debt instruments if there is a contractual obligation for the issuer of these assets to deliver cash or another financial asset to the holder of the instruments. The same applies if the Group is required to exchange financial assets or liabilities with another entity under potentially unfavourable conditions, or to deliver a variable number of its 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 rate method.

All structured issues containing significant embedded derivatives are recognised at fair value through profit or loss under the option in IAS 39 (paragraph 1.c.9).

1.c.7 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 at 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 and liabilities at fair value through profit or loss". They are recognised as financial assets when their fair value is positive, and as financial liabilities when negative. Realised and unrealised gains or losses are recorded in the profit and loss statement under "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 notably 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 notably used to hedge interest rate risk on floating-rate assets and liabilities, including rollovers, and foreign exchange risks on highly probable future foreign currency transactions.

At the inception of the hedge relationship, the Group prepares formal documentation that identifies the instrument or portion of the instrument or of the risk that is being hatched, the hedging strategy and type of hedged risk, the hedging instrument and the method used to assess the effectiveness of the hedging relationship.

The effectiveness of the hedge is assessed using ratios. On an annual basis, the Group uses a retrospective effectiveness tests to demonstrate that any sources of inefficiency are reasonably limited and that a hedge can be considered effective provided that certain criteria are met during its implementation.

The Group ensures strict compliance with these criteria in the establishment of a hedging relationship. Moreover, the consistency of coverage is monitored monthly, at the accounting level, to ensure there is only a narrow range of variation.

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

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

If a hedging relationship is interrupted or no longer fulfils the effectiveness criteria, the hedging derivatives are transferred to the trading portfolio and recognised according to the principles applicable to this category. In the case of initially hedged identified fixed income instruments, the remeasurement adjustment recognised in the balance sheet for these instruments is amortised at the effective interest rate over their remaining life. 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 items no longer appear in the balance sheets, notably in case of early repayment, this amount is immediately posted to the profit and loss statement.

In a cash flow hedging relationship, derivatives are remeasured at fair value in the balance sheet, with changes in fair value posted to a specific line of the shareholders equity, "Changes in assets and liabilities recognised directly in equity". The amounts posted to shareholders equity, for accrued interest, over the life of the hedge, are transferred to the profit and loss statement under "Net interest income" as and when the cash flows from the hedged item impact the earnings. The hedged instruments continue to be accounted for using the specific rules applicable to their accounting category.

If the hedging relationship ceased 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 the shareholders' equity until the hedged transaction itself impacts the earnings, or until it becomes clear that the transaction will not occur. These amounts are then transferred to the profit and loss statement.

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

Whatever hedging strategy is used, any ineffective portion of the hedges posted to the profit and loss statement under "Net/gain loss on financial instruments at fair value through profit or loss".

Hedges of net foreign currency investments in subsidiaries are recognised in the same way as future cash flow hedges. Hedging instruments may be currency derivatives or any other non-derivative financial instruments.

Embedded derivatives

Derivatives embedded in host contracts are separated from the value of the host contract and recognised separately as a derivative instrument when the hybrid instrument is not recognised under "Financial assets and liabilities at fair value through profit or loss" and if the economic characteristics and risks of the embedded derivative instrument are not closely related to those of the host contract.

1.c.8 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market or most advantageous market, at the measurement date.

The Group determines the fair value of financial instruments either by using prices obtained directly from external data or by using valuation techniques. These valuation techniques are primarily market and income approaches encompassing generally accepted models (e.g. discounted future cash flows, Black-Scholes model, and interpolation techniques).They maximise the use of observable inputs and minimise the use of unobservable inputs. They are calibrated to reflect current market conditions and valuation adjustments are applied as appropriate, when some factors such as model, liquidity and credit risks are not captured by the models or their underlying inputs but are nevertheless considered by market participants when setting the fair value.

The unit of measurement is generally the individual financial asset or financial liability but a portfolio-based measurement may be elected subject to certain conditions. Accordingly, the Group retains this portfolio-based measurement exception to determine the fair value when some group of financial assets and financial liabilities with substantially similar and offsetting market risks or credit risks are managed on the basis of a net exposure, in accordance with the documented risk management strategy.

Assets and liabilities measured or disclosed at fair value are categorised into the three following levels of the fair value hierarchy:

- Level 1: Fair values are determined using directly quoted prices in active markets for identical assets and liabilities. Characteristics of an active market include the existence of a sufficient frequency and volume of activity and of readily available prices.

- Level 2: Fair values are determined based on valuation techniques for which significant inputs are observable market data, either directly or indirectly. These techniques are regularly calibrated and the inputs are corroborated with information from active markets.

- Level 3: Fair values are determined using valuation techniques for which significant inputs are unobservable or cannot be corroborated by market-based observations, due for instance to illiquidity of the instrument and significant model risk. An unobservable input is a parameter for which there are no market data available and that is therefore derived from proprietary assumptions about what other market participants would consider when assessing fair value. The assessment of whether a product is illiquid or subject to significant model risks is a matter of judgment.

The level in the fair value hierarchy within which the asset or liability is categorised in its entirety is based upon the lowest level input that is significant to the entire fair value.

For financial instruments disclosed in Level 3 of the fair value hierarchy, a difference between the transaction price and the fair value may arise at initial recognition. This "Day One Profit" is deferred and released to the profit and loss account over the period during which the valuation parameters are expected to remain non-observable. When originally non-observable parameters become observable, or when the valuation can be substantiated in comparison with recent similar transactions in an active market, the unrecognised portion of the margin is then posted through profit and loss.

1.c.9 Financial assets and liabilities designated at fair value through profit or loss in application of the IAS 39 option

Financial assets and liabilities can be designated at fair value through profit or loss in the following cases:

- when they are hybrid financial instruments containing one or more embedded derivatives that would otherwise have been separated and recognised separately;

- when using this option enables the entity to eliminate or significantly reduce an inconsistency in the valuation and recognition of assets and liabilities that would result from their classification in separate accounting categories;

- when a group of financial assets and/or liabilities is managed and assessed on the basis of its fair value, in compliance with a duly documented management and investment strategy.

The Group applies the option primarily to structured issues that include significant embedded derivatives, and to loans for which the performance includes a derivative.

1.c.10 Income and expenses arising from financial assets and financial liabilities

The income and expenses arising from financial instruments assessed at amortised cost and from fixed-income assets included in the "Available-for-sale financial assets" are recognised in the profit and loss statement using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the asset or liability in the balance sheet. The effective interest rate calculation takes into account all fees received or paid that are an integral part of the effective interest rate of the contract, transaction costs, and premiums and discounts.

In the profit or loss statement, the Group recognises service-related commission income and expenses on the basis of the nature of the services to which they relate. Commissions considered as an additional component of interest are included in the effective interest rate and are recognised in the profit and loss statement in the "Net interest income". Commissions payable or received on execution of a significant transaction are recognised in full in the profit and loss statement on execution of the transaction, under "Commission income and expense", as are commissions payable or received for recurring services over the term of the service.

Commissions received in respect of financial guarantee commitments are considered to represent the commitment's initial fair value. The resulting liability is subsequently amortised over the term of the commitment, under commission income in Net Revenue.

1.c.11 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. The cost of risk 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.12 Derecognition of financial assets and financial liabilities

The Group derecognises all or part of a financial asset when the contractual rights to the asset's cash flows expire or when the Group transfers the contractual rights to the cash flows from the financial asset and substantially all of the risks and rewards related to ownership of the asset in question. Unless these conditions are met, the Group retains the asset in its balance sheet and recognises a liability for the obligations created at the time of the asset's transfer.

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

1.c.13 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 offset the recognised amounts, and intends either to settle on a net basis or to realise the asset and simultaneously settle the liability.

Repurchase agreements and derivatives traded through clearing houses, whose principles of operation meet both criteria required by the standard, are offset in the balance sheet.

1.d PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment and intangible assets shown in the consolidated balance sheet include both tangible and intangible fixed assets for operations as well as investment property.

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

Investment property includes 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 when a long period of construction or adaptation is required before the asset can be brought into service.

Software developed internally, when it fulfils the capitalisation criteria, is capitalised at direct development cost, which includes external costs and the labour cost of employees directly attributable to the project.

Subsequent to initial recognition, property, plant and equipment and intangible assets are assessed at cost, less accumulated depreciation or amortisation and any impairment losses; any changes in fair value are posted to the profit and loss statement.

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

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

When an asset consists of a number of components that may require replacement at regular intervals, or that have different uses for different patterns for producing economic benefits, each component is recognised separately and appreciate using a method appropriate to that component. The component-based approach has been adopted for property used in operations and for investment property.

The depreciation periods used for buildings are 50 years, 15 years for general and technical installations, 10 years for fixtures and fittings, 5 to 8 years for equipment, 3 to 5 years for IT hardware and 5 years for furnishings.

Software is amortised, depending on its type, over 3 years or 5 years for developments intended primarily for providing services to customers.

Software maintenance costs are recognised as expenses in the profit and loss statement as they are incurred. On the other hand, expenses contributing to the upgrading of software functionalities or to extending its useful life are added to the initial acquisition or construction costs.

Depreciable property, plant and equipment and intangible assets are tested for impairment if there is an indication of potential impairment on the balance sheet date. Non-depreciable assets are tested for impairment at least annually.

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

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

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

1.e LEASES

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

1.e.1 Group company is the lessor in the leasing contract

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 of the risks and rewards of ownership of an asset to the lessee. It is treated as a loan made to the lessee in order to finance the asset's purchase.

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 the interest on the loan, and is recorded in the profit and loss statement under "Interest income". The lease payments are spread over the lease term, and are allocated to the 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 contract.

The provisions established for these loans and receivables, whether individual or portfolio provisions, follow the same rules as described for other loans and receivables.

Operating leases

An operating lease is a lease under which substantially all of 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 appreciated on a straight-line basis over the lease term. The depreciable amount excludes the residual value of the asset, while the lease payments are recognised in the profit and loss statement in their entirety on a straight-line basis over the lease term. Lease payments and depreciation expenses are listed in the profit and loss statement under "Income from other activities" and "Expenses on other activities".

1.e.2 The Group company is the lessee in the leasing contract

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

Finance leases

A finance lease is treated as a acquisition of an asset by the lessee, financed by a loan. The leased asset is recognised in the lessee's balance sheet at the lower of its fair value for the present value of the minimum lease payments calculated at the interest rate implicit in the lease. A matching liability, equal to the leased asset's fair value or the present value of the minimum lease payments, is also recognised in the lessee's balance sheet. The asset is depreciated using the same method as the one that applies to owned assets, after deducting the residual value from the amount initially recognised, over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life. The lease obligation is recognised at amortised cost.

Operating lease contracts

The asset is not recognised in the lessee's balance sheet. Lease payments made under operating leases are recorded in the lessee's profit and loss statement on a straight-line basis over the lease term.

1.f NON-CURRENT ASSETS HELD FOR SALE, LIABILITIES LINKED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

When 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 linked to non-current assets held for sale".

Once classified in this category, non-current assets and groups of assets and liabilities are assessed at the lower of their book value or fair value less selling costs.

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 statement. Impairment losses recognised for this purpose may be reversed.

Moreover, when a group of assets and liabilities held for sale represents a uniform set of business lines, it is categorised as a "discontinued operation". Discontinued operations include operations that are held for sale, operations that have been sold or shut down, and subsidiaries acquired exclusively with a view of resale.

All gains and losses related to discontinued operations are shown separately in the profit and loss statement, on the line "Net income on discontinued operations"; this line includes the post-tax profits or losses from discontinued operations, the post-tax gain or loss arising reassessment that fair value less selling costs, and the post-tax gain or loss on the disposal of the operation.

To allow for a comparison between periods, the reference year is also subject of a reclassification of the results from discontinued operations, on the line "Net income on discontinued operations".

1.g EMPLOYEE BENEFITS

Short-term benefits

Short-term employee benefits (other than termination benefits and equity compensation benefits) are those which fall wholly due within the12 months following the end of the year in which the staff members rendered the corresponding services.

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

Long-term benefits

These are benefits, other than short-term benefits, post-employment benefits and termination benefits. This relates, in particular, to compensation deferred for more than twelve months, paid in cash 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 assessment method is similar to the one used for defined-benefit type post-employment benefits, except that the revaluation items are recognised in the profit and loss account and not in equity.

Termination benefits

Severance benefits are employee benefits payable as a result of a termination of an employment contract under an early-retirement plan based on voluntary departures, when the employee concerned meets the relevant criteria.

Post-employment benefits

In keeping with generally accepted principles, the Group makes a distinction between the defined contribution plans and defined benefit plans.

Defined contribution plans do not give rise to an obligation for the company and therefore do not require a provision. The amount of the employer's contributions payable during the period is recognised as an expense.

Only defined-benefit plans give rise to an obligation for the company, which must then be assessed and provisioned.

The classification of plans into either of the two categories is based on the plan's economic substance, which is reviewed to determine whether or not the Group has a constructive obligation to pay the agreed benefits to employees.

Post-employment benefits under defined benefit plans are assessed using actuarial techniques that take demographic and financial assumptions into account.

The net liability recognised with respect to post-employment benefit plans is the difference between the present value of the defined-benefit obligation and the fair value of any plan assets.

The present value of the defined-benefit obligation is measured on the basis of the actuarial assumptions applied by the company, while using the projected unit credit method. This assessment method takes into account various parameters, specific to each country or Group division, such as demographic assumptions, early retirement, wage increases, a discounting rate and the inflation rate.

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

The annual expense recognised in the profit and loss account under "Staff costs", with respect to defined-benefit plans includes the current service cost (the rights vested by each employee during the period in return for service rendered), the net interest linked to the effect of discounting the net defined-benefit liability (asset), the past service cost arising from plan amendments or curtailments, and the effect of any plan settlements.

Remeasurements of the net defined-benefit liability (asset) are recognised in other comprehensive income and are never reclassified to profit or loss. They include actuarial gains and losses, the return on plan assets and any change in the effect of the asset ceiling (excluding amounts included in net interest on the defined-benefit liability or asset).

1.h PROVISIONS

Provisions recorded under liabilities in the consolidated balance sheet, other than those relating to financial instruments and employee benefits, 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 representing economic benefits will be required to settle an obligation arising from a past event, and a reliable estimate can be made of the obligation's amount. The amount of such obligations is discounted in order to determine the provision amount, when the impact of this discounting is material.

1.i 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 assets and liabilities in the balance sheet and their tax bases.

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

- taxable temporary differences on the initial recognition of goodwill;

- taxable temporary differences on investments in companies under exclusive or joint control, insofar as 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 when there is a legal right to offset.

Current and deferred taxes are recognised as tax income or expenses in the profit and loss statement, excepted for deferred taxes relating to unrealised gains or losses on assets held for sale 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 statement under "Corporate income tax.

1.j 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, financial assets held to maturity and negotiable debt instruments.

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 debt instruments).

1.k USE OF ESTIMATES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Preparation of the Group Consolidated Financial Statements requires managers of business lines and functions to make assumptions and estimates that are reflected in the measurement of income and expense in the profit and loss statement and of assets and liabilities in the balance sheet, and in the disclosure of information in the notes to the financial statements. This requires those responsible to exercise their judgement and to make use of information available at the date of the preparation of the Consolidated 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, which may have a material effect on the Consolidated Financial Statements.

This applies in particular to the following:

- impairment losses recognised to cover credit risks inherent in making intermediation activities;
- the use of internally-developed models to measure positions in financial instruments that are not quoted on organised markets;
- calculations of the fair value of unquoted financial instruments classified in "Available-for-sale financial assets", "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss", and more generally calculations of the fair value of financial instruments subject to a fair value disclosure requirement within the Consolidated Financial Statements;
- 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 derivatives as 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;
- assumptions and parameters used in the valuation of defined service pension plans;
- the measurement of provisions for contingencies and charges;
- the recognition of deferred tax assets.

This is also the case for assumptions applied to assess the sensitivity of each type of market risk and the sensitivity of valuations to non-observable parameters.

2. RETROSPECTIVE IMPACT OF THE AMENDMENT TO IAS 19

The main changes resulting from the application of the amendment to IAS 19 are:

- discontinuing the "corridor" method (removal of the option to defer the recognition of gains and losses);
- recognising the re-measurements of plans in changes in assets and liabilities recognised directly in equity;
- recognising immediately past service costs;
- clarifying certain points, including the classification of employee benefits, mortality rates, taxes and administrative costs;
- improving disclosures concerning defined-benefit plans.

Balance sheet

The table below presents the balance sheet items which have been adjusted retrospectively according to the amendment to IAS 19.

In millions of euros	31 December 2011 before amendment IAS 19	Adjustments	1 January 2012 restated	31 December 2012 before amendment IAS 19	Adjustments	31 December 2012 restated
ASSETS						
Current and deferred tax assets	28.2	0.5	28.7	184.4	1.9	186.3
Accrued income and other assets	279.0	(1.6)	277.4	637.7	(5.9)	631.8
Investments in associates	835.3	(3.8)	831.5	227.0	(0.2)	226.8
Total impact on assets		(4.9)			(4.2)	
LIABILITIES						
Current and deferred tax liabilities	135.9	(3.8)	132.1	589.3	(8.1)	581.2
Provisions for contingencies and charges	98.9	13.2	112.1	186.4	29.2	215.6
Total impact on liabilities		9.4			21.1	
CONSOLIDATED EQUITY						
Share capital and retained earnings	5 641.7	(14.3)	5 627.4	5 553.9	(22.0)	5 531.9
Changes in assets and liabilities recognised directly in equity	(133.1)	-	(133.1)	39.0	(0.2)	38.8
Attributable to equity shareholders	5 508.6	(14.3)	5 494.3	5 592.9	(22.2)	5 570.7
Retained earnings and net income attributable to minority interests	-	-	-	1 275.2	(2.9)	1 272.3
Changes in assets and liabilities recognised directly in equity	-	-	-	(38.3)	(0.2)	(38.5)
Minority interests	-	-	-	1 236.9	(3.1)	1 233.8
Total impact on equity		(14.3)			(25.3)	

The adjustments are analysed as follows:

In millions of euros	1 January 2012			31 December 2012		
	Impact of the amendment to IAS 19	of which past service costs	of which actuarial gains and losses	Impact of the amendment to IAS 19	of which past service costs	of which actuarial gains and losses
Costs not yet recognised (before tax)	(14.8)	0.1	(14.9)	(35.1)	1.0	(36.1)
Deferred tax	4.3	-	4.3	10.0	(0.2)	10.2
Impact of associates	(3.8)	0.8	(4.6)	(0.2)	0.0	(0.2)
Retrospective impact of the amendment to IAS 19	**(14.3)**	**0.9**	**(15.2)**	**(25.3)**	**0.8**	**(26.1)**

Profit and loss account and changes in assets and liabilities recognised directly in equity

The table below presents the profit and loss account items that have been adjusted for the year ended 31 December 2012 according to the amendment to IAS 19.

In millions of euros	Before amendment AS 19	Adjustments	Year to 31 December 2012 restated
Staff costs	(385.9)	(1.3)	(387.2)
Share of earnings of associates	25.3	(0.1)	25.2
Corporate income tax	(116.5)	0.2	(116.3)
Total impact on net income		**(1.2)**	
Net income attributable to equity shareholders		(0.4)	
Net income attributable to minority interests		(0.8)	

In addition, due to the amendment to IAS 19, the following impacts were reported in the changes in assets and liabilities recognised directly in equity for the year ended 31 December 2012:

- items that will not be reclassified to profit or loss, which amounted to EUR -2.1 million;
- adjustment of EUR -0.3 million in items related to exchange rate movements;
- adjustment of items relating to associates, which amounted to EUR -0.1 million.

3. NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

3.a NET INTEREST INCOME

The 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 gains or losses 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 from these transactions.

In millions of euros			2013			2012
	Income	Expenses	Net	Income	Expenses	Net
Customer items	**1 285.0**	**(85.2)**	**1 199.8**	**1 262.4**	**(127.6)**	**1 134.8**
Deposits, loans and borrowings	658.6	(73.2)	585.4	690.9	(126.6)	564.3
Repurchase agreements	-	-	-	8.1	-	8.1
Finance leases	626.4	(12.0)	614.4	563.4	(1.0)	562.4
Interbank items	**191.7**	**(342.2)**	**(150.5)**	**306.1**	**(490.6)**	**(184.5)**
Deposits, loans and borrowings	191.7	(342.2)	(150.5)	306.1	(490.1)	(184.0)
Repurchase agreements	-	-	-	-	(0.5)	(0.5)
Debt securities issued	**-**	**(30.4)**	**(30.4)**	**-**	**(38.4)**	**(38.4)**
Cash flow hedge instruments	**13.6**	**(15.9)**	**(2.3)**	**13.0**	**(15.5)**	**(2.5)**
Interest rate portfolio hedge instruments	**23.2**	**(2.2)**	**21.0**	**17.1**	**(4.9)**	**12.2**
Trading book	**3.2**	**(7.8)**	**(4.6)**	**6.4**	**(10.3)**	**(3.9)**
Repurchase agreements	1.9	(2.5)	(0.6)	2.5	(1.1)	1.4
Loans/borrowings	1.3	(1.9)	(0.6)	3.9	(4.3)	(0.4)
Debt securities	-	(3.4)	(3.4)	-	(4.9)	(4.9)
Available-for-sale financial assets	**79.1**	**-**	**79.1**	**87.1**	**-**	**87.1**
Held-to-maturity financial assets	**17.3**	**-**	**17.3**	**25.5**	**-**	**25.5**
Total interest income/(expense)	1 613.1	(483.7)	1 129.4	1 717.6	(687.3)	1 030.3

3.b COMMISSIONS

In millions of euros	2013	2012
Credit operations for customers / Credit institutions	19.7	11.2
Means of payment and account keeping	30.2	32.5
Securities and derivatives transactions	8.7	5.3
Foreign Exchange and arbitrage transactions	0.8	0.7
Securities, investment funds and UCITS	76.1	77.3
Securities transactions for customers account	49.3	42.9
Consulting activities	5.6	5.9
Insurance activities	26.5	26.2
Others	(0.3)	(3.0)
Total commissions	216.6	199.0

3.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 that are recognised in "Net interest income" (note 3.a).

In millions of euros	2013	2012
Trading portfolio	**16.9**	**78.5**
Debt instrument	(3.8)	33.2
Equity instrument	20.0	40.0
Other derivatives	0.7	5.3
Portfolio assessed at fair value on option	**(21.1)**	**(118.7)**
Impact of hedge accounting	**2.6**	**1.2**
Fair value hedges	(16.7)	55.0
Hedged items in fair value hedge	19.3	(53.8)
Remeasurement of currency positions	**19.7**	**3.6**
Total	18.1	(35.4)

The line "Instruments at fair value option" includes the revaluation of own credit risk for an amount of EUR -5.6 million (EUR -37.6 million in 2012).

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

Net gain/loss on financial assets available for sale includes non-derivative financial assets that are not categorised as loans and receivables, nor as investments held to maturity, nor as financial assets measured at fair value through profit or loss.

In millions of euros	2013	2012
Loans and receivables, fixed-income securities [1]	**0.2**	**(54.0)**
Gains and losses on disposal	0.2	(54.0)
Equities and other variable-income securities	**(50.5)**	**(49.3)**
Dividend income	4.7	5.9
Additions to impairments	(55.1)	(55.7)
Gains and losses on disposal	(0.1)	0.5
Total	(50.3)	(103.3)

[1] Interest income from fixed-income securities available-for-sale is included in the "net interest income" (note 3.a) and impairment losses linked to potential issuer insolvency are included in "Cost of risk" (note 3.f).

Impairment losses on shares and other variable-income securities include value adjustments recorded by the Bank on its stake in BNP Paribas Investment Partners (BNPP IP) for EUR -50.5 million in 2013 and EUR -50.0 million in 2012.

Moreover, in 2012, the Group reduced its exposure to Portuguese sovereign debt through the sale of securities from its portfolio of available-for-sale and held-to-maturity financial assets. The net impact of these disposals was a loss of EUR 54.3 million.

3.e INCOME AND EXPENSES FROM OTHER ACTIVITIES

In millions of euros	2013			2012		
	Income	Expenses	Net	Income	Expenses	Net
Income and expenses from investment property	54.2	(35.6)	18.6	49.9	(61.0)	(11.1)
Income and expenses from assets held under operating leases	179.5	(129.3)	50.2	139.0	(100.5)	38.5
Other income and expenses	271.8	(254.1)	17.7	222.0	(216.6)	5.4
Total	505.5	(419.0)	86.5	410.9	(378.1)	32.8

Other income and expenses primarily include purchases and sales of goods and services related to finance-lease transactions.

In 2012, expenses related to investment properties include an appropriation to reserves of 39.8 million euros due to the revaluation of investment properties of Fortis Lease France.

3.f COST OF RISK

The Cost of risk represents the net amount of impairment losses recognised with respect to credit risks inherent in the Group's operations, plus any impairment losses in the cases of known risks of counterparty default on over-the-counter financial instruments.

Cost of risk *In millions of euros*	2013	2012
Net additions to impairments	(29.7)	(41.1)
Recoveries on loans and receivables previously written off	14.6	4.7
Irrecoverable loans and receivables not covered by impairments	(33.7)	(24.2)
Total cost of risk	(48.8)	(60.6)

Cost of risk by asset type *In millions of euros*	2013	2012
Loans and receivables due from credit institutions	0.1	0.7
Loans and receivables due from customers	(56.3)	(74.5)
Available-for-sale financial assets	-	1.9
Financial instruments on trading activities	0.1	0.2
Held-to-maturity financial assets	-	(2.6)
Other assets	1.4	(0.6)
Off-balance sheet commitments and other items	5.9	14.3
Total cost of risk	(48.8)	(60.6)

Impairments for credit risk

Movement in impairments during the periond *In millions of euros*	2013	2012
Total impairments at start of period	829.4	386.5
Net additions to impairments	29.7	41.1
Use of impairments	(66.2)	(189.3)
Entry to the scope of consolidation	-	605.3
Reclassificaiton to assets held for sale	(15.1)	-
Effect of movements in exchange rates and other items	(9.5)	(14.2)
Total impairments at end of period	768.3	829.4

Impairment by asset type

In millions of euros	2013	2012
Impairment of assets		
Loans and receivables due from credit institutions (note 6.f)	0.6	0.7
Loans and receivables due from customers (note 6.g)	759.1	818.0
Financial instruments on trading activities	-	0.1
Other assets	1.8	0.2
Total impairments against financial assets	761.5	819.0
of which: Specific impairments	*616.6*	*666.2*
Collective impairments	*144.9*	*152.8*
Provisions recognised as liabilities		
Provisions on commitments		
to credit institutions	2.2	2.3
to customers	4.6	8.1
Total provisions recognised as liabilities	6.8	10.4
of which: Specific impairments	*3.7*	*7.4*
Collective impairments	*3.1*	*3.0*
Total impairments and provisions	768.3	829.4

3.g CORPORATE INCOME TAX

Reconciliation of the effective tax expense to the theoretical tax expense at standard tax rate in Luxembourg

	2013		2012*	
	In millions of euros	Tax rate	In millions of euros	Tax rate
Theoretical income tax expense on pre-tax income [1]	**(187.2)**	**29.6%**	**(126.3)**	**29.1%**
Tax exempt interest and dividends	13.6	-0.9%	15.3	-3.3%
Income from tax exempt investments	6.6	-2.2%	0.6	-0.1%
Deductible provision on subsidiaries and affiliates	-	-	2.9	-0.6%
Impact of tax rate adustment on temporary differences	(12.1)	1.9%	(7.0)	2.4%
Differential effect in tax rates applicable to foreign entities	(10.1)	1.6%	(3.3)	0.7%
Other items	1.0	-0.2%	1.5	-1.2%
Corporate income tax expense	**(188.2)**	**29.0%**	**(116.3)**	**25.3%**
of which: Current tax expense for the year to 31 December	*(255.7)*		*(174.7)*	
Deferred tax income (expense) for the year to 31 December (note 6.k)	*67.5*		*58.4*	

** Data adjusted following application of the amendment to IAS 19 (see notes 1a and 2).*
[1] Adjusted for shares of earnings of associates.

3.h SHARE OF EARNINGS OF ASSOCIATES

The net profit is mainly composed of the contribution from leasing of EUR 3.8 million (EUR 20.9 million in 2012) and from Cardif Lux Vie of EUR 11.5 million (EUR 5 million in 2012, including a negative price adjustment related to the merger of Cardif Lux International S.A. and Fortis Luxembourg Vie S.A. for EUR -4.0 million).

As a reminder, up to 30 March 2012 the results of all leasing activities were recorded in the line Share of earnings of associates.

3.i NET INCOME ON DISCONTINUED OPERATIONS

In millions of euros	2013	2012
Losses on discontinued operations	(6.4)	-
Pre-tax income	**(6.4)**	-
Taxes related to discontinued operations	2.2	-
Net income on discontinued operations	**(4.2)**	**-**

As at 31 December 2013, net income from discontinued operations relates to the loss on disposal of investment properties reclassified as held-for-sale non-current assets.

4. SEGMENT INFORMATION

The BGL BNP Paribas Group is an international provider of financial services. It offers products and services and carries out its activities primarily in the Grand Duchy of Luxembourg and within the Greater Region.

BGL BNP Paribas holds a majority stake in the leasing activities of the BNP Paribas Group. These international activities are designed to provide customer support, mainly in countries where BNP Paribas has a significant presence.

The Group's segment information reveals the overall economic contribution from each of the Group's areas of activity, with the objective being to attribute all of the items in the balance sheet and profit and loss statement, to each area for which its Management is wholly responsible.

The Group is composed of four core businesses:

- **Retail and Corporate Banking Luxembourg (BDEL)** which covers the network of retail branches in the Grand Duchy of Luxembourg and the activities of major companies in Luxembourg and in the Greater Region, as well as the activities of domestic private banking, and offers its financial services to individuals and companies. The related financing activities are also included in this scope (BNP Paribas Lease Group Luxembourg S.A., the Alsacian Development and Expansion Company (SADE) S.A., Cofhylux S.A., BGL BNP Paribas Factor S.A.);

- **International Leasing** which includes the leasing activities of the BNP Paribas Group held by the Luxembourg holding company BNP Paribas Leasing Solutions S.A. BNP Paribas Leasing Solutions uses multiple channels (direct sales, sales via referrals, sales via partnerships and bank networks) to offer businesses and professionals a range of leasing solutions ranging from equipment financing to outsourcing of fleets of vehicles. It is mainly involved in financial leasing services internationally;

- **Corporate and Investment Banking** (CIB whose activities in the capital markets intended for bankers, institutional customers and major corporations;

- **Investment Solutions** (IS), includes Private Banking (WM – Wealth Management), which provides wealth management services for international private clients as well as Cardif Lux Vie S.A., which primarily offers protection products, group insurance, pension savings and life insurance in Luxembourg and abroad.

Other activities include the activities of Assets and Liabilities Management (ALM), the Personal Investors activity, as well as items related to support functions that cannot be allocated to a specific business segment. They also include non-recurring items resulting from applying the rules for business combinations. In order to provide consistent and relevant economic information for each core business, the costs associated with the cross-business savings programme "Simple and Efficient" are assigned to the Other Activities segment.

Segment information is prepared in accordance with the accounting principles used for the consolidated financial statements of the BNP Paribas Group and the application of appropriate allocation rules.

Inter-sector transactions are carried out at arm's length.

Allocation rules

Segment reporting applies balance sheet allocation rules, balance sheet squaring mechanisms, a fund transfer pricing system, rebilling of support and operations expenses and overhead allocation.

The balance sheet allocation and squaring methodology aim at reporting information on segments to reflect the business model.

Under the business model, segments do not act as their own treasurer in bearing the interest rate risk and the foreign exchange risk by funding their own assets with their own liabilities, or by having direct access to the financial markets. The interest and currency risks are removed by transferring them from the segments to the central bankers. This is reflected in the fund transfer pricing system, which transfers the interest rate risk and the foreign exchange risk of the different segments to the departments assuming the role of central bankers within the bank, by monitoring the assets and liabilities.

Support and operations departments provide services to the segments. These services include human resources, information technology, payment services, settlement of security transactions and ALM. The costs and revenues of these departments are charged to the segments via a rebilling system on the basis of service level agreements (SLAs) reflecting the economic consumption of the products and services provided. SLAs ensure that the costs and revenues are charged based on actual use and at a fixed rate. Differences between actual costs and rebilled costs based on standard tariffs are passed through to the three segments of the Group in a final allocation.

Income by business segment

In millions of euros						2013
	BDEL	Leasing international	Corporate Investment Banking	Investment Solutions	Others	Total
Revenues	373.4	677.3	83.4	164.3	101.9	1 400.3
Operating expense	(226.9)	(290.6)	(28.2)	(115.9)	(59.4)	(721.0)
Cost of risk	(7.3)	(46.4)	-	(0.1)	5.0	(48.8)
Operating income	139.2	340.3	55.2	48.3	47.5	630.5
Non-operating items	-	6.4	-	11.5	-	17.9
Pre-tax income	139.2	346.7	55.2	59.8	47.5	648.4

In millions of euros						2012*
	BDEL	Leasing international	Corporate Investment Banking	Investment Solutions	Others	Total
Revenues	365.7	480.1	103.7	175.4	(1.5)	1 123.4
Operating expense	(218.8)	(236.8)	(30.3)	(119.1)	(27.3)	(632.3)
Cost of risk	0.5	(54.3)	3.1	(1.2)	(8.7)	(60.6)
Operating income	147.4	189.0	76.5	55.1	(37.5)	430.5
Non-operating items	0.1	27.6	-	9.0	(8.2)	28.5
Pre-tax income	147.5	216.6	76.5	64.1	(45.7)	459.0

** Data adjusted following application of the amendment to IAS 19 (see notes 1a and 2).*

The variation in income from international leasing is explained by the change in consolidation method from the equity method to full consolidation of BNP Paribas Leasing Solutions from the end of March 2012.

Income from Other Activities in 2012 was particularly impacted by the reduction of the exposure of the Bank to the sovereign debt of EUR -56.0 million in revenues and in 2013 by the provision for early retirement plan on a voluntary retirement basis for a total of EUR -41.4 million in general operating expenses. The impact of the revaluation of the own debt of the Bank (EUR -37.6 million in 2012 and EUR -5.6 million in 2013) and value adjustments recorded concerning the stake in BNP Paribas Investment Partners (EUR -50,0 million in 2012 and EUR -50.5 million in 2013) are also reported in revenues of Other Activities.

Assets and liabilities by business segment

For the Group entities, the segment allocation of assets and liabilities is based on the core business to which they report, with the exception of BGL BNP Paribas S.A., which is subject to a specific break down.

In millions of euros		2013		2012*
	Assets	Liabilities	Assets	Liabilities
BDEL	8 961.0	13 870.9	8 643.8	13 130.5
Leasing international	18 410.7	16 018.0	19 861.4	17 544.6
Corporate Investment Banking	6 346.3	4 003.1	7 664.2	4 668.1
Investment Solutions	944.9	5 459.8	736.1	5 907.1
Others	6 485.3	1 796.4	7 531.4	3 186.6
Total attributable to equity shareholders	41 148.2	41 148.2	44 436.9	44 436.9

** Data adjusted following application of the amendment to IAS 19 (see notes 1a and 2).*

5. RISK MANAGEMENT AND CAPITAL ADEQUACY

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

The Group calculates the risks related to its banking activities using methods approved by the CSSF under Pillar 1. The scope covered by the methods (called the "prudential scope" is discussed in note 9.b, "Scope of consolidation".

The information presented in this note reflects all of the risks carried by the Group, which are measured and managed as consistently as possible.

5.a RISK FACTORS

Risks related to the Group and its industry

Difficult macroeconomic and market conditions could have a significant adverse effect on the operating environment for financial institutions and hence on the financial position, results of operations and cost of risk for the Group.

The Group's business lines are highly sensitive to changes in financial markets and the economic environment. The Group has been and may continue to be confronted with a significant deterioration in market and economic conditions resulting, among other things, from crises affecting sovereign debt, the capital markets, credit or liquidity, regional or global recessions, sharp fluctuations in commodity prices, currency exchange rates or interest rates, volatility in prices of derivatives, inflation or deflation, restructurings or defaults, corporate or sovereign debt rating downgrades or adverse political and geopolitical events (such as natural disasters, social unrest, acts of terrorism and military conflicts). Such disruptions, which can develop suddenly and hence whose effects cannot be fully hedged, could affect the operating environment in which financial institutions operate for short or extended periods and have a material adverse effect on the Group's financial position, results of operations and cost of risk.

In 2014, the global macro-economic environment will be particularly sensitive to the expected slowdown (or "tapering") of government stimulus programs, including that of the United States. In Europe, the economic growth perspectives differ among member states and a risk of deflation exists.

Moreover, a resurgence of a sovereign debt crisis in certain countries remains possible. For example, European markets have experienced significant disruptions in recent years as a result of concerns regarding the ability of certain countries in the euro zone to refinance their debt obligations. At several points in recent years these disruptions caused heightened sensitivity in the credit markets, increased volatility in the exchange rate of the euro against other major currencies, affected the levels of stock market indices and created uncertainty regarding the economic prospects of certain countries in the European Union as well as the quality of bank loans to sovereign debtors in the European Union.

The Group holds, and in the future may hold, portfolios of sovereign obligations issued by the governments of certain of the countries that have been most significantly affected by the crisis in recent years, and also has, and may in the future have, amounts of loans outstanding to borrowers in these countries. The Group also participates in the interbank financial market and as a result, is indirectly exposed to risks relating to the sovereign debt held by the financial institutions with which it does business.

If economic conditions in Europe and other parts of the world were to deteriorate, in particular in the context of a resurgence of the sovereign debt crisis, the Group could be required to record additional impairment charges on its sovereign debt holdings or record losses on sales thereof. The resulting political and financial turbulence could have a significant adverse impact on the creditworthiness of customers and financial institution counterparties, on market parameters such as interest rates, currency exchange rates and stock market indices, as well as on the Group'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 Group and the financial and economic environment in which it operates.

Legislation and regulatory measures have been enacted or proposed recently with a view to introducing a number of changes, some permanent, in the global financial environment. While these new measures are intended to prevent a recurrence of the recent financial crisis, they could have the effect of causing a significant change in the environment in which the Group and other financial institutions operate.

The new measures that have been or could be taken include the following: Increased prudential solvency and liquidity ratios; taxes on financial transactions; restrictions and temporary or permanent taxes on employee compensation, above certain levels; restrictions or prohibitions on the types of activities that commercial banks can undertake, considered as speculative, (particularly proprietary trading activities and, potentially, investment banking activities, more generally); increased internal control and reporting requirements with respect to certain activities, more stringent conduct of business rules, increased regulation of certain types of financial products including mandatory reporting of derivative transactions, requirements either to mandatorily clear, or otherwise mitigate risks in relation to, over-the-counter derivative transactions, and the creation of new and strengthened regulatory bodies.

Some measures have already been adopted and will apply to the Group such as Basel III and the Capital Requirements Directive "CRD 4" prudential frameworks, and the requirements in relation to them announced by the European Banking Authority, will increase the Group's regulatory capital adequacy ratios and liquidity requirements and may limit its ability to extend credit.

The Group's access to funding and the terms of such funding may be significantly affected should there be a resurgence of the sovereign debt crisis, deteriorating economic conditions, further rating downgrades or other factors.

Were such adverse credit market conditions to persist over the long term or to worsen as a result of the spread of the crisis to the whole economic sphere, or for reasons related to the financial industry in general or to the Group in particular (such as credit rating downgrades), the impact on the European financial sector in general and on the Group in particular, could be significantly unfavourable.

Any substantial increase in new provisions, or shortfall in the level of previously recorded provisions, could adversely affect the Group's results of operations and financial condition.

In connection with its lending activities, the Group regularly establishes provisions for loan losses, which are recorded in the profit and loss account under "cost of risk". Any significant increase in provisions for doubtful loans, or a significant change in its estimate of 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 Group also establishes provisions for contingencies and charges including in particular provisions for litigations. Any loss arising from a risk that has not already been provisioned or that is greater than the amount of the provision could have a negative impact on the Group's results of operation and financial condition.

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

For the purpose of trading or investment, the Group may take positions in the debt, currency, commodity and equity markets, as well as in unlisted securities, real estate and other asset classes. Volatility, that is to say, the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels, could have an adverse impact on these positions. There can be no assurance that the extreme volatility and market disruption experienced at the height of the financial crisis of 2008/2009 will not recur in the future, and that the Group will not suffer as a result substantial losses on its capital markets activities. Moreover, volatility trends that proved substantially different to the Group's expectations could also lead to losses relating to a broad range of other products used by the Group, such as swaps, forward and future contracts, options and structured products.

Revenue from brokerage and other commission-generating activities is potentially vulnerable to a market downturn.

Economic and financial conditions affect the number and size of capital market transactions for which the Group provides securities underwriting, financial advisory or other investment banking services. The bank's corporate and investment banking revenues, which comprise mainly fees from these services, are directly related to the number and size of the transactions in which it participates, and can therefore decrease as a result of market changes that are unfavourable to its investment banking business and clients. In addition, because the fees that the Group charges for managing its clients' portfolios are in many cases based on the value or performance of those portfolios, any market downturn that reduces the value of its clients' portfolios or increases the amount of withdrawals, would reduce the revenues stemming from its asset Management, equity derivatives and Private Banking businesses. Independently of market changes, any below-market performance by the BNP Paribas Group's mutual funds may result in increased withdrawals and reduced inflows, which would reduce the revenues received from its asset management business.

Protracted market declines can reduce liquidity in the markets, making it harder to sell assets. Such a situation could result in significant losses.

In some of the Group's businesses, a protracted decline in asset prices could adversely affect the level of activity in the market or reduce market liquidity. Such developments would expose the Group to significant losses if it were not able to close out deteriorating positions in a timely manner. This is particularly true for assets that are intrinsically illiquid. Assets that are not traded on stock exchanges or other public trading markets, such as certain derivative contracts between financial institutions, may have values that have been calculated using models rather than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to significant losses that the Group did not anticipate.

Any significant change in interest rates could adversely affect the revenues or profitability of the Group.

The amount of net interest income earned by the Group during any given period has a significant impact on the revenues and profitability of that period. Interest rates are affected by many factors beyond the Group's control, such as the level of inflation or the monetary policies of states. Changes in market interest rates could affect the interest rates on interest-earning assets and differently than the interest rates paid on interest-bearing liabilities. Any adverse change in the yield curve could cause a decline in net interest incomes from lending activities. In addition, maturity mismatches and increases in interest rates on the Group's short-term financing, may adversely affect profitability.

The financial soundness and conduct of other financial institutions and market participants could have an adverse effect on the Group.

The Group's ability to engage in funding, investment or derivative transactions could be adversely affected by the financial soundness of other financial institutions and market participants. Financial services institutions are interrelated, particularly because of their trading, clearing, counterparty and funding or other relationships. The failure of a player in the sector, or even rumours or questions about one or more financial institutions or the financial industry more generally, have led to a general decline in liquidity in the market and could in the future lead to additional losses or defaults.

There can be no assurance that any losses resulting from the risks summarised above will not materially affect the results of the Group.

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

Given the highly competitive nature of the financial services industry, a reputation for financial strength and integrity is critical to the Group's ability to attract and retain customers. The Group's reputation could be harmed if it fails to adequately promote and market its products and services. The Group's reputation could also be damaged if, as it increases its client base and the scale of its businesses, the Group'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 Group's reputation could be damaged by employee misconduct, fraud or misconduct by market participants to which the Group is exposed, a decline in, a restatement of, or corrections to its financial results, as well as any adverse legal or regulatory action. Such risks to reputation have recently increased as a result of the growing use of social networks within the economic sphere. Any damage to the reputation of the Group could be accompanied by a loss of business, which could adversely affect its results and financial position.

Any interruption or breach of the Group's computer systems may result in loss of business and engender other losses.

Like most of its competitors, the Group relies heavily on communication and information systems to conduct its business. Any failure or interruption or breach in security in these systems could result in failures or interruptions in the customer relationship management, general ledger, deposit, servicing and/or loan processing systems. The Group cannot guarantee that such failures or interruptions will not occur or, if they do, that they will be adequately addressed. An increasing number of companies have recently experienced intrusion attempts or even breaches of their information technology security, some of which have involved sophisticated and highly targeted attacks on their computer networks. Because the techniques used to obtain unauthorized access, disable or degrade service, steal confidential data or sabotage information systems change frequently and often are not recognized until launched against a target, the Group may be unable to anticipate these techniques or to implement in a timely manner effective and efficient countermeasures. Any failure or interruption of this nature could have an adverse effect on the results of the operations and financial position of the Group.

Moreover, the mandatory transition on 1 February 2014 to the Single Euro Payment Area (SEPA) could cause technical difficulties for wire orders submitted by the Group's clients and processed by the Group.

Unforeseen external events can interrupt the Group'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 Group's operations and cause substantial losses, to the extent they are not covered by an insurance policy. Such losses can relate to property, financial assets, trading positions and key employees. Such unforeseen events could also lead to additional costs (such as relocation of employees affected) and increase the expenses of the Group (in particular insurance premiums).

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

The Group is exposed to the risk of non-compliance, that is to say, in particular the inability to comply fully with the laws, regulations, codes of conduct, professional standards or guidelines applicable to the financial services industry. Besides the damage to its reputation, the failure of these texts could expose the Group to fines, public reprimand, enforced suspension of operations, or, in extreme cases, withdrawal of operating licences. This risk is further exacerbated by the ever-increasing level of oversight by the competent authorities. This is especially the case in respect to money laundering, financing of terrorist activities or transactions with States subject to economic sanctions. This is the case in particular for the application of U.S. FATCA (Foreign Accounts Tax Compliance Act) law, which comes into force on 1 July 2014, and for which Luxembourg has not yet decided how it will cooperate.

These changes, the scale and scope of which are largely unpredictable, could have significant consequences for the Group and have an adverse effect on its business, financial condition and results of operations.

Notwithstanding its risk management policies, procedures and methods, the Group could still be exposed to unidentified or unanticipated risks, which could lead to material losses.

The Group has invested considerable resources to developing its risk management policies, procedures and assessment methods, and it will continue its efforts in this area. Nonetheless, the techniques and strategies used cannot guarantee effective risk reduction in all market circumstances. These techniques and strategies might also be ineffective against certain risks, particularly risks that the Group may have failed to identify or anticipate.

The Group's ability to assess the creditworthiness of its customers or to estimate the values of its assets may be impaired if, as a result of market turmoil such as that experienced in recent years, the models and approaches it uses become less predictive of future behaviour, valuations, assumptions or estimates. Some of the Group's qualitative tools and metrics for managing risk are based on its use of observed historical market behaviour. The Group applies statistical and other tools to these observations to arrive at quantifications of its risk exposures. The process the Group 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 Group 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 Group's ability to manage its risks. The Group's losses could therefore be significantly greater than the historical measures indicate. In addition, the Group's quantified modeling does not take all risks into account. Its more qualitative approach to managing certain risks could prove insufficient, exposing it to material unanticipated losses.

Hedging strategies implemented by the Group may not prevent losses.

The Group may incur losses if one of the instruments or strategies it uses to hedge its exposure to different types of risk to which it is exposed is not effective. Many of these strategies are based on the observation of the past market behaviour and an analysis of historical correlations. The hedge may, however, be only partial, or the strategies used may not protect against all future risks, or allow for effective risk reduction in all market situations. Unexpected market developments may also diminish the effectiveness of these hedging strategies.

In addition, the manner in which gains and losses resulting from certain ineffective hedging strategies are recorded may increase the volatility of results published by the Group.

The Group may experience difficulties integrating acquired companies and may not be able to realise the benefits anticipated from its acquisitions.

The operational integration of acquired businesses is a long and complex process. Successful integration and the realisation of synergies require, among other things, proper coordination of business development and marketing efforts, retention of key members of management, policies for effective recruitment and training, as well as the ability to adapt information and computer systems.

Although the Group undertakes an in-depth analysis of the companies it plans to acquire, it is often not possible for these reviews to be exhaustive. As a result, the Group may have an increased exposure to doubtful or troubled assets and incur greater risks due to its acquisitions, especially in cases where it could not conduct comprehensive due diligence prior to the acquisition.

Intensifying competition could affect the revenues and profitability of the Group.

Competition is intense in all of the Group's core business areas. Indeed, competition in the banking industry could intensify as a result of the ongoing of consolidation of financial services, which accelerated during the recent financial crisis. If the Group is unable to maintain its competitiveness by offering a range of products and services that are attractive and profitable, it may lose market share in important business lines or incur losses in some or all of its activities.

5.b RISK MANAGEMENT

5.b.1 Organisation of the Risk Management Function

Risk management is inherent in the banking business and constitutes one of the bases of the Group's organisation. Front-line responsibility for risk management lies with the business lines. As part of its function as a permanent, second-level control, the entire process is supervised by the Group Risk Management Department (GRM). GRM, which is independent of the business lines and functions, and reports directly to the Management Board, has responsibility for monitoring, measuring and warning with regard to credit, counterparty, market and liquidity risks In addition, the Permanent control coordination (2OPC) and Compliance functions monitor the operational risk and reputation risk as part of their permanent control responsibilities.

GRM is responsible for ensuring that the risks taken by the Group are compatible with its risk policies, as approved by the Central Credit Committee or the Management Board. In addition, major risk policies are presented to the Board of Directors. GRM, 2OPC and Compliance provide permanent and generally ex-ante control that is fundamentally different from the periodic ex-post examinations of the Internal Auditors. GRM reports regularly to the Internal Control and Risk Committee of the Board of Directors of the Group 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. 2OPC and Compliance report to this same Committee on issues relevant to their remit, particularly those concerning operational risk, reputation risk and permanent controls.

GRM covers the risks resulting from the Group's business operations, and intervenes on 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 the most significant individual decisions taken with regard to corporate loans; setting and monitoring trading limits, with regard to counterparties and the market; guaranteeing the quality and effectiveness of monitoring procedures; defining or validating the risk management measures; and producing comprehensive and reliable risk reporting data for the Management Board. It is also responsible for ensuring that all risk implications of new businesses or products have been adequately evaluated. These evaluations are performed jointly by the sponsoring business line and all of the functions concerned (Tax Department, Legal Department, Finance, Compliance), with GRM overseeing the quality of the validation process: Analysis of the inventory of the risks and of the resources deployed to mitigate them, definition of the minimum criteria to be met in order to ensure sound business development. 2OPC and Compliance have identical responsibilities with regard to operational and reputation risks. 2OPC and Compliance play an important oversight and reporting role in the process of validating new products, new business activities and exceptional transactions.

5.b.2 Risk categories

The risk categories reported by the Group evolve in keeping with methodological developments and regulatory requirements.

All of the risk categories discussed below are managed by the Group. However, given their specific nature, no specific capital requirement is identified for reputation and strategy risks, insofar as the capital of the Group would provide no protection.

Credit and counterparty risk

Credit risk is the risk of incurring losses on the Group's loans and receivables (existing or potential due to commitments given), resulting from a change in the credit quality of its debtors, which can ultimately result in the default of the latter. 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 the portfolio level, taking into account the correlations between the values of the loans that comprise it.

Counterparty risk is the translation of credit risk during market operations, investments or payment transactions, during which the Group is exposed to potential counterparty default: It is a bilateral risk on a third party with which one or more market transactions were concluded. The amount of this risk may vary over time in line with changes in market parameters that impact the potential future value of the relevant transactions.

Market risk

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

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

Non-observable parameters include those based on working assumptions such as parameters contained in models or based on statistical or economic analyses that are not corroborated by market information.

The absence of liquidity is a major market risk factor. 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 supply and demand 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 change.

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 defaults or value fluctuations do not fall within the scope of operational risk. Operational risk encompasses human resources risks, legal risks, tax risks, information system risks, production risks, risks related to published financial information and the potential financial implications resulting from reputation and compliance risks.

Compliance and reputation risk

Compliance risk is the risk of legal, administrative or disciplinary sanctions, together with the significant financial loss that may result from the failure to comply with all provisions specific to banking and financial activities, whether of a legislative or regulatory nature, or with regard to professional and ethical standards, or instructions given by an executive body, particularly in application of guidelines issued by a supervisory body.

By definition, this risk is a sub-category of operational risk. However, certain implications of compliance risk can involve more than a purely financial loss and can actually damage the establishment's reputation. For this reason, the Group treats compliance risk separately.

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

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

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, this risk arises in non-trading portfolios and primarily relates to what is known as the global interest rate risk.

Liquidity and refinancing risk

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

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.

Strategic risk

Strategic risk is the risk of loss as a result of a bad strategic decision.

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.

5.c CREDIT AND COUNTERPARTY RISK

5.c.1 Exposure to credit risk

The table below shows the exposure relative to all financial assets and off balance sheet items with a potential credit or counterparty risk, after taking into account the guarantees and collateral obtained and application of conversion factors.

Relative exposure to credit and counterparty risk, by Basel exposure class, excluding risk associated with securitisation positions and equity risk

In millions of euros	31 December 2013			31 December 2012		
	IRBA	Standardised Approach	Total	IRBA	Standardised Approach	Total
Central governments and central banks	3 523.7	65.2	3 588.9	4 589.1	123.6	4 712.7
Corporates	6 288.8	6 326.7	12 615.5	7 332.4	7 021.3	14 353.7
Institutions [1]	8 855.0	2 187.9	11 042.9	9 296.6	2 612.2	11 908.8
Retail	6 070.7	8 332.9	14 403.6	5 828.3	8 370.0	14 198.3
Other non credit-obligation assets [2]	-	2 096.9	2 096.9	-	2 157.0	2 157.0
Total exposure	**24 738.2**	**19 009.6**	**43 747.8**	**27 046.4**	**20 284.1**	**47 330.5**

IRBA: Advanced internal ratings based approach
The above table shows the entire prudential scope based on the categories defined in part VII, chapter 3, point 110 of the CSSF Circular 06/273, as modified, on capital requirements for credit institutions.
[1] The Basel II "Institutions" exposure class includes credit institutions and investment firms (including those recognised in other countries) which are classified as credit institutions. This class also includes certain exposures to regional and local authorities, public sector agencies and multilateral development banks that are not treated as central government authorities.
[2] Other non credit-obligation assets include tangible assets and accrued income.

Exposure linked to risks on securitisation positions

In millions of euros	31 December 2013		31 December 2012	
	Securitised exposures originated by BGL BNP Paribas	Securitisation positions held or acquired	Securitised exposures originated by BGL BNP Paribas	Securitisation positions held or acquired
Originator	-	-	-	-
Sponsor	-	-	-	-
Investor	-	313.2	-	389.4
Total exposure	**-**	**313.2**	**-**	**389.4**

5.c.2 The securitisation position is being managed to discontinuance. Credit risk management policy

General credit policy and control and provisioning procedures

The lending activities of the Group are governed by the general credit policies defined by the BNP Paribas Group as well as the policies and standards defined by the Board of Directors and by the BGL BNP Paribas Management Board, whose role is to define the strategy and the major risk policies. The aforesaid guidelines include the Group's requirements in terms of ethics, the clear definition of responsibilities, the existence and implementation of procedures and the thorough analysis of risks. This general approach is set out 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, for each business line, whereby all lending decisions must be approved by GRM, following the criteria set out and defined in the delegation of power and the credit procedure. Approvals are systematically evidenced in writing, either by means of a signed approval form or in the minutes of formal meetings of the Credit Committee. Discretionary lending limits correspond to aggregate commitments by business group and vary according to internal ratings and the specific nature of the business lines. Loan applications must comply with the provisions of the credit policies, as well as, in all cases, with the applicable laws and regulations.

Monitoring procedures

A comprehensive monitoring and reporting system for credit and counterparty risk applies to the entire Group. The frequent production of monitoring reports provides early warnings of potentially deteriorating situations. Individual files that are selected for monitoring or considered impaired are reviewed quarterly in specific committees.

Impairment procedures

Assets classified as impaired are subject to a periodic contradictory review involving both business lines and GRM, to determine the possible reduction of their value to be applied in accordance with applicable accounting rules. The amount of the impairment loss is based on the present value of probable net recoveries, taking into account the possible realisation of collateral held.

In addition, a collective impairment, derived from a statistical calculation, is also calculated on the basis of simulations of losses to maturity on the loan portfolios whose credit quality is considered impaired, without the clients being identified as being in default. The simulations are based on the parameters of the internal rating system.

Internal Rating procedures

Following the formal approval of the panel of regulators in March 2008, for materially important entities the Group uses an advanced internal ratings-based approach (IRBA) to credit risk, to calculate its regulatory capital requirements. Thus each transaction and each counterparty is allocated "credit risk" parameters in line with the requirements of banking supervisors with regards to capital adequacy.

The risk parameters consist of the probability of counterparty default to one-year horizon (PD, Probability of Default), of the rate of loss in the case of a default (LGD Loss Given Default) and of the exposed value at risk (EAD, Exposure at Default).

For counterparties subject to an individual rating, there are 12 counterparty rating levels: Ten levels for clients who are not in default with credit assessments ranging from "excellent" to "very concerning"; two levels for clients classified as in default, as per the definition of the banking regulations. This internal scale also includes an approximate correspondence with the scales used by major rating agencies. This correspondence is based on the one-year default probability for each rating. Given the specificities of each of the methodologies for assessing credit risk, our internal risk assessment does not necessarily converge with that of the rating agencies.

The internal ratings must be reviewed on an annual basis and the probabilities of default are based mainly on statistical models.

Various quantitative and other methods are used to check rating consistency and the rating system's robustness. And adaptive approaches used for loans to private customers and very small businesses (Retail population according to Basel II), who are rated using statistical analyses of groups of risks with the same characteristics. GRM has overall responsibility for the system's general quality in assessing the probability of default, which is fulfilled by either defining the system directly, validating it or verifying its performance.

Loss given default is determined using statistical models. The loss given default reflects the loss that the Group would suffer in the event of the counterparty's default at a time of economic crisis, at the end of the recovery process. Estimations of the scope of an LGD are calibrated under the assumption of an economic downturn a downturn LGD, in compliance with the regulatory provisions.

For each transaction, loss given default is measured while considering the collateral and other security received.

The Group uses internal models for determining the off-balance sheet exposure risk using various Credit Conversion Factors (CCFs) when this is allowed by the regulations (i.e. excluding high risk transactions for which the conversion factor is 100%). This parameter is assigned automatically to open positions, depending on the transaction type.

Each of the three credit risk parameters is backtested and, as far as the information available allows, they are compared to external references – "benchmarked" - in order to check the system's performance for each of the Group'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 method is carried out to identify any areas where the model might be underperforming. The stability of the rating and its population is also verified.

Backtesting of loss given default is based mainly on analysing recovery flows on exposures in default. The recovery rate determined in this way is then compared with the initially forecasted rate.

The conversion factor is also subject to annual backtesting, by comparing observed credit utilisation with the amounts estimated by the models.

The result of these efforts is presented annually to the bodies responsible for overseeing the rating system of the Group. These results and the ensuing discussions help to set priorities in terms of developing methodology and deploying tools.

Internal estimates of risk parameters are used in the Group's day-to-day management in line with Basel II recommendations. As such, apart from calculating capital requirements, they are used notably to determine the level of authority an individual would have when taking credit decisions, to determine collective impairment and for internal and external reports to monitor risk.

5.c.3 Credit risk diversification

Diversification by counterparty

Diversification is a key component of the Group's policy and is assessed by taking account of all exposure to a single business group. Diversification of the portfolio by counterparty is monitored on a regular basis. The risk concentration ratio ensures that the total amount of risks incurred on a counterparty exceeds neither 10% of the Group's net consolidated shareholders' equity, nor its recurring beneficiary capacity.

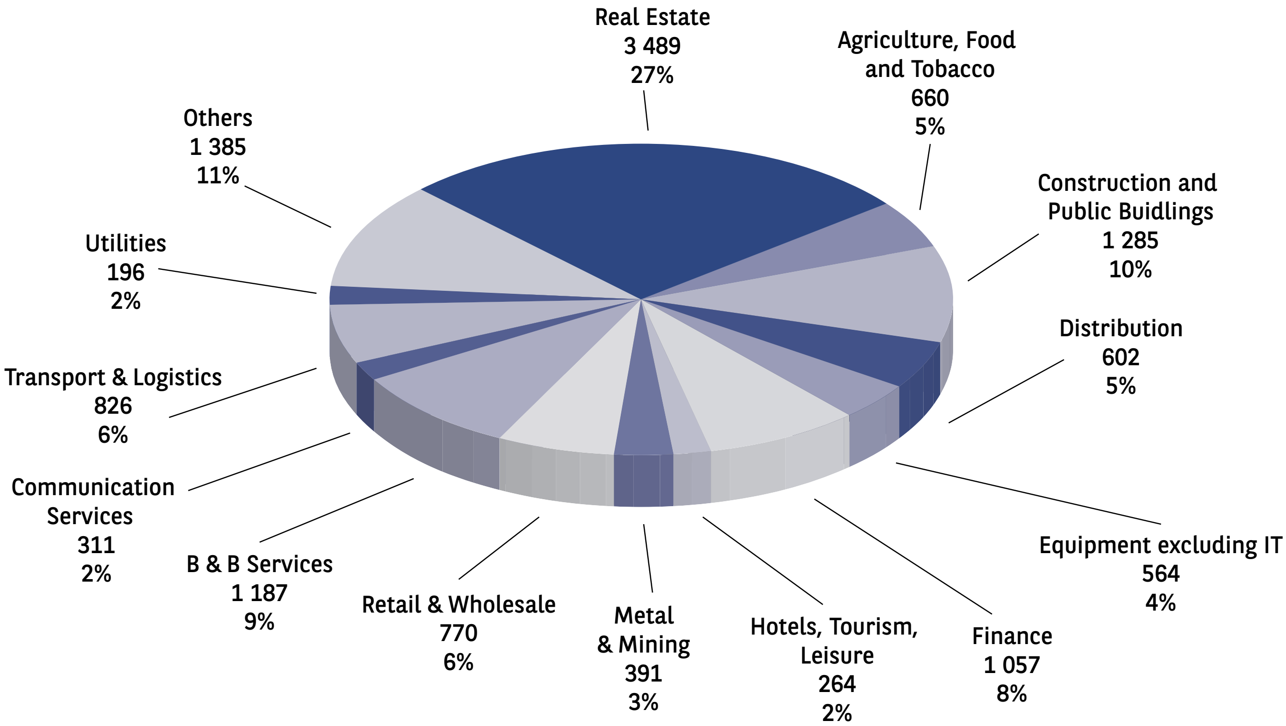
At the request of the BGL BNP Paribas, the CSSF has confirmed the total exemption of the risks taken on the BNP Paribas Group as part of the calculation of the major risk limits, in compliance with part XVI, point 24 of the CSSF Circular 06/273.

Industry diversification

The distribution of the risks by business sector is carefully and regularly monitored.

Breakdown of credit risk corporate asset class by industry, excluding relations with BNP Paribas Group entities

In millions of euros



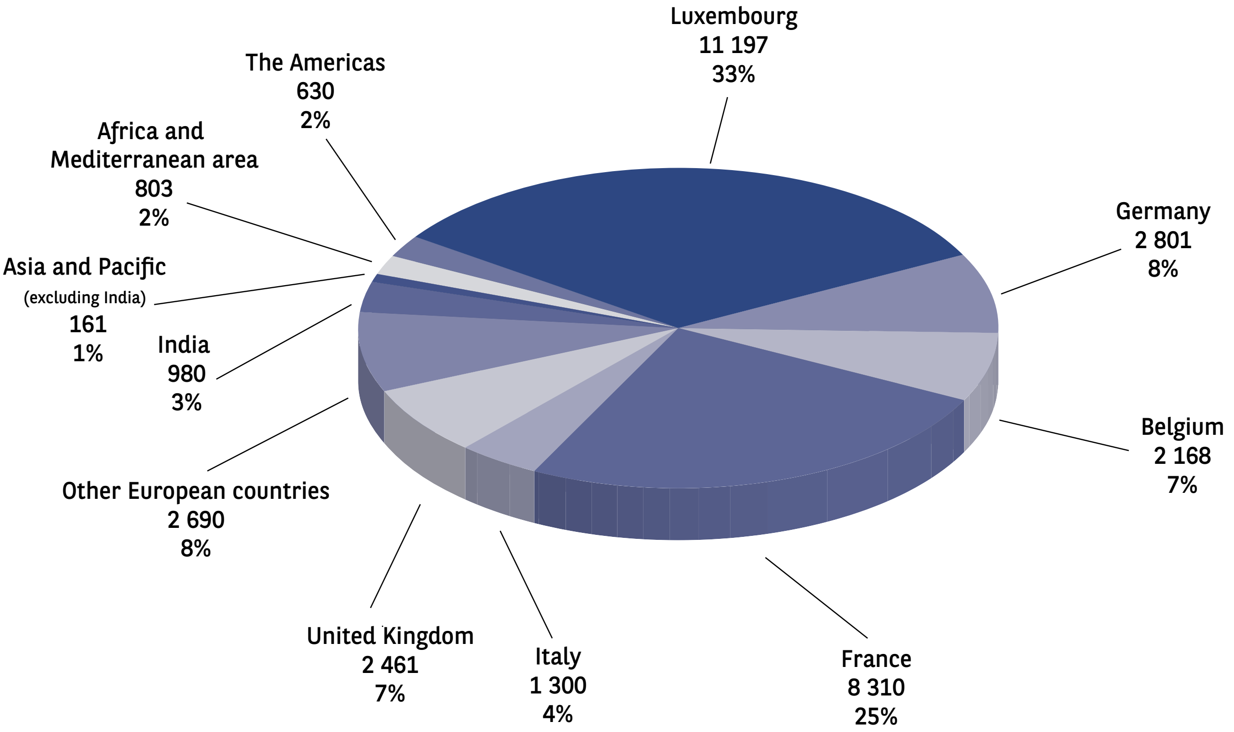
Geographical diversification

"Country" risk is defined as the sum of all exposures to debtors registered or operating in the country in question. It is not the same as "sovereign" risk, which covers exposure to States, public institutions and their various offshoots; it reflects the Group's exposure to a given economic, political and judicial environment, which is 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.

Geographical breakdown of credit risk by counterparty's country of business, excluding relations with BNP Paribas Group entities

In millions of euros



The Group strives to avoid excessive concentrations of risk in countries in which the political and economic infrastructures are recognised as weak.

5.c.4 Measure of the quality of the portfolio exposed to credit risk

Model applicable to counterparties such as Central governments and central banks, Companies and Institutions

For each of the regulated portfolios, the determination of risk parameters according to the advanced internal risk approach follows a methodology which has been approved and validated by GRM teams, which relies primarily on the analysis of the historical data of the Group. This methodology is applied by using statistical tools in the decision-making process, in order to ensure consistent application.

For determining counterparty ratings, the opinion of an expert complements the assessments derived from the statistical models, under the applicable rating policies. The counterparty ratings are validated by the competent Credit Committees.

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

The definition of default is applied uniformly, and in compliance with the regulatory requirements.

Retail banking operations

For all activities related to the retail clientele, that are characterized by a high degree of granularity, small unit volumes and a standard risk profile, the Group applies an approach by "uniform risk classes". This approach notably adheres to the following constraints:

- the use of discriminating and understandable models,
- the quantification of risk indicators on the basis of historical observations covering a minimum of five years, and in-depth and representative sampling.
- the documentation and auditability of the models

By using these methodologies for preparing and monitoring risk parameters on a monthly basis, retail banking customers can be assigned a rating, based on the most recent information, in terms of risk of default and in terms of loss in the event of default. The estimation of exposure to default, derived from the CCF, is a function of the type of transaction.

5.c.5 Risk mitigation techniques

Techniques to reduce credit risk are used in accordance with regulations of Basel II Advanced IRB approach. Their effectiveness is particularly evaluated under the conditions of an economic slowdown. They are divided into two broad categories: Personal guarantees, on the one hand, and real guarantees, on the other.

A personal guarantee is a commitment taken by a third party to take the place of the primary debtor in the case of the latter being unable to meet their commitments. By extension, credit insurance and credit derivatives (buying protection) fall into this category.

Real guarantees set up in favour of the Group guarantee that the financial obligations of a debtor will be met on the due date.

Personal and real guarantees, subject to their eligibility, are accounted for by decreasing the scope of the "loss given default" (LGD) applicable to those transactions, for operations involving the bank intermediation portfolio.

The guarantors are subject to a risk analysis of the same nature as primary debtors and are assigned risk parameters according to similar methodologies and processes.

In order to qualify, the guarantees must meet the following conditions:

leur valeur ne doit pas être fortement corrélée au risque du débiteur;

- their value must not be strongly correlated to the risk of the debtor;
- the collateral must be documented;

- the Group must be able to assess the value of assets pledged under conditions of economic slowdown;
- the Group must have obtained reasonable comfort on the possible appropriation and realisation of the asset.

A guarantee may only be eligible to improve the risk parameters of a transaction if the guarantor is rated higher than the counterparty in question, and the guarantor is subject to the same analysis as the primary debtor.

In accordance with the general policy rating, personal and real guarantees are accounted for at their economic value and are only accepted as a principal source of repayment by exception: For example the repayment capacity of the borrower must be assessed on the basis his operating cash flows.

The economic value of the assets underlying the guarantee is evaluated in an objective and verifiable manner, such as: Market value, value as per an expert, book value. It represents the value of assets at the valuation date and not at the date of default, as this is assessed at a later date.

5.c.6 Counterparty risk

The Group is exposed to counterparty risk on its capital market transactions. The Group manages this counterparty risk through the widespread use of standard close-out netting and collateral agreements.

Netting agreements

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

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

The transactions are executed according to the terms of bilateral or multilateral master agreements that comply with the general provisions of national or international master agreements. The main employed bilateral agreement models are those of the International Swaps and Derivatives Association (ISDA).

Measurement of exposure

Exposure at default (EAD) for counterparty risk related to derivatives is determined on the basis of a market price evaluation method (section 4.2.2 of part VII of CSSF Circulaire 06/273, as modified). The exposure at default related to repurchase agreements follows the standard approach.

Credit adjustments on financial instruments traded over-the-counter (OTC)

The valuation of financial instruments traded over-the-counter by BGL BNP Paribas in the framework of its market activities (Fixed Income, Global Equity & Commodity Derivatives) includes credit adjustments. A Credit Value Adjustment (or CVA) is an adjustment to the value of the portfolio of transactions to take account of counterparty risk. It reflects the expected loss in fair value of the existing exposure to a counterparty due to the probability of default of the counterparty, of the downgrading of credit quality and of estimated recovery rates.

5.d MARKET RISK

5.d.1 Market risk related to financial instruments

Definitions

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. The parameters are defined as follows:

- Interest rate risk is the risk that a financial instrument's value will fluctuate due to changes in market interest rates;
- Foreign exchange risk is the risk that a financial instrument's value will fluctuate due to changes in foreign exchange rates;
- Equity risk arises from changes in the market prices of equities. It results not only from changes affecting the prices and volatility of equity themselves, but also price changes of equity indices;
- Commodities risk arises from changes in the market prices and volatilities of commodities and/or commodity indices;
- Credit spread risk arises from a change to the credit quality of an issuer, and is reflected in changes in the cost of purchasing protection on that issuer.
- Options give rise to an intrinsic volatility and correlation risk, the parameters of which can be determined from the observable prices of options traded in an active market.

Governance

The Capital Markets Risk Committee (CMRC) is the main committee governing the risks related to Capital Markets. It is responsible for coherently addressing the issues related to market and counterparty risks. The CMRC sets the aggregated trading limits and outlines the risk approval procedures. It also reviews loss statements and hypothetical losses estimated on the basis of stress tests. The committee meets at least twice each year.

Limit setting and tracking

The current framework for the definition and management of the limits validated by CMRC is delegated to three levels, which are in order of delegation, the CMRC, followed by the Head of the business line and then the Head of Trading.

Limits may be changed either temporarily or permanently, authorised in accordance with the delegation level of the limit in question and the applicable procedure.

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

GRM presents its risk analysis work in the form of summary reports, which are given to the members of the Management committee in charge of the relevant activity, as well as to the CRO (Chief Risk Officer) of the Group.

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

Control processes

The main involvement areas of GRM are transaction accounting and the calculation of reserves. The procedures for the controls are discussed below.

Transaction accounting controls

Operations (Middle/Back-Office) is responsible for this control. However, GRM counter-checks the process for more complex transactions. Verification of the constituent parts of these operations is carried out by GRM before they are saved in the Front-Office systems. GRM also carries out second-level value checks.

Reserve calculations

GRM defines and calculates "reserves". These correspond to fair value accounting adjustments. Depending on the case, reserves can be considered either as the price for closing a position or as a premium for risk that cannot be diversified or hedged. Reserves mainly cover liquidity risk and bid / offer spreads.

Measurement of market risk

Market risk is measured using three types of indicators (sensitivities, VaR and stress tests), which aim to capture all risks.

The Group calculates its capital requirements for market risk under the standardised approach. In daily management, the Group's internal model is used for measuring and monitoring risk.

Analysis of sensitivities to market parameters

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

Measurement under normal market conditions: VaR

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

The algorithms, methodologies and sets of indicators are reviewed and improved on a regular basis in order to take growing market complexity and product sophistication into account.

Measurements under extreme market conditions

In order to optimise the qualitative analysis of the risks and their predictability during periods of intense crisis, the Group has also developed stress tests. These stress tests serve to identify and estimate potential credit risk in several scenarios, as well as their potential impact on the Group's equity. The assumptions, content and conclusion of the analyses are updated each quarter and sent to the Management Board and to the Internal Control and Risk Committee.

To monitor the trading risk in case of extreme variations in the market, the program of the stress scenarios takes into account the contribution of the main risk factors to the variation of the result that occurs in each envisaged scenario, whether historical or hypothetical. If the results of the discussion area exceed the values that represent an initial alarm signal, they prompt the Management committee to undertake measures.

GRM constantly assesses the relevance of its internal calculation model by means of various techniques, including a regular comparison, over a long period, between the daily losses recorded in the market activities and the VaR (1 day). From a theoretical point of view, the choice of a 99% confidence interval means that the daily losses in excess of the VaR are expected two or three times per year.

5.d.2 Market risk related to banking activities

The market risk related to banking activities encompasses the interest and foreign exchange risks relative to banking intermediation activities, on the one hand, and the risk of loss of equity holdings 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.

The market risk is calculated using the standard method.

Interest rate and foreign exchange risks related to banking intermediation activities and investments mainly concern Retail and Commercial Banking, as well as the savings management transactions of Wealth Management in Luxembourg. They also result from the transactions by specialised financing subsidiaries, transactions by the CIB financing business lines. These risks are managed on the local level by ALM and Treasury, which are part of the ALM Treasury business line at the BNP Paribas Group level.

ALM Treasury Group has functional authority over the ALM and Treasury teams in each subsidiary. Strategic decisions are made during committee meetings (Asset and Liability Committee - ALCO), that oversees the activities of ALM Treasury. These committees have been set up at Group, division and operating entity levels. For BGL BNP Paribas, this function is provided by the ALCO committee.

Equity risk

As part of the regulations implemented within the Basel II context, non-consolidated equity interests not deducted from equity, acquired after the end of 2007, are weighted on the basis of a simple weighting method. Exposures in non-consolidated equity interests purchased before the end of 2007 are weighted using the standard approach, on the basis of a temporary provision for exposures in the form of equities (equity grandfathering clause).

Exposure linked to equity risk [1)]

In millions of euros	31 December 2013	31 December 2012
Standardised approach (grandfathering)	32.0	33.9
Simple risk weight method	185.8	336.1
Listed equities	0.2	0.2
Other equity exposures	185.6	335.9
Investment in diversified portfolios	-	-
Total	**217.8**	**370.0**

[1)] *The term "equity" should be understood in its broad meaning, including also investment funds and capital not yet paid on this type of instrument.*

Foreign exchange risk

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 policy of the Group, as with the BNP Paribas Group, is to systematically hedge the variability of its net earnings due to currency movements.

Foreign exchange risk and hedging of net investments in foreign operations

The Group's currency position on investments in foreign operations arises mainly on equity interests denominated in foreign currencies. When such a case arises, the Group's policy is to obtain financing in the investment currency in order to protect this investment against exchange risks. Such borrowings are documented as hedges of net investments in foreign operations.

Interest rate risk (Pillar 2)

Organisation of the BGL BNP Paribas interest rate risk management

The interest rate risk on commercial transactions of the Retail and Commercial Banking Group (Banque de Détail et des Entreprises), as well as Wealth Management Luxembourg in the domestic Luxemburg markets and abroad, of the specialised financing subsidiaries and financing subsidiaries of the CIB division are managed centrally by the Group's ALM - Treasury part of the portfolio that contains the clientele intermediation activities. The interest rate risk on the equity and investments is also managed by ALM - Treasury, in the portfolio of equity activities and investments.

Transactions initiated by each of the Group's business lines are transferred to ALM or to Treasury via analytical internal allocation means or lending/borrowing transactions. ALM and Treasury are in charge of managing the interest rate risks associated with these transactions.

The main management decisions regarding rates positions arising from banking intermediation activities are taken during meetings of the ALCO committee of BGL BNP Paribas.

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 the Retail and Commercial Banking Group (Banque de Détail et des Entreprises), products as well as for Wealth Management Luxembourg, behavioural models are based on historical data and econometric studies. They notably relate to current accounts in credit, as well as certain savings accounts. Theoretical maturities of equity capital are determined according to internal assumptions.

Interest rate risk indicators such as the sensitivity of clientele intermediation portfolios and then reinvestment of equity capital relative to the changes applied to the interest rate curves, are systematically presented to the ALCO, and are therefore used as the basis for hedging decisions according to the nature of the risks

Sensitivity of the value of the Group's bank intermediation portfolios and shareholders' equity

The portfolios of financial instruments resulting from the Group's bank intermediation activity show a sensitivity to interest rate fluctuations of the value assigned to these portfolios, as indicated in the following table.

This table presents the sensitivity of the value of the books of bank intermediation activities consolidated by currency and by maturity band, for an instantaneous shock of one basis point across all of the yield curves. This measurement makes it possible to take into account all of the future flows generated by current transactions on the analysis date, irrespective of their maturity. This sensitivity takes into account the replicating portfolios and models used to generate the conventional schedules, in particular for shareholders' equity.

In thousands of euros						31 December 2013
	less than 3 months	from 3 to 12 months	from 1 to 3 years	from 3 to 5 years	more than 5 years	Total
EUR	(42)	(67)	(339)	(300)	(118)	(866)
USD	(1)	(2)	(2)	(158)	(11)	(174)
Other currencies	(1)	(1)	43	49	17	107
Total	(44)	(70)	(298)	(409)	(112)	(933)

In thousands of euros						31 December 2012
	less than 3 months	from 3 to 12 months	from 1 to 3 years	from 3 to 5 years	more than 5 years	Total
EUR	(18)	(20)	(151)	(230)	(825)	(1 244)
USD	(4)	6	3	(35)	(37)	(67)
Other currencies	3	13	1	(3)	(5)	9
Total	(19)	(1)	(147)	(268)	(867)	(1 302)

The sensitivity of the value of the books of intermediation activities to an instantaneous change of one basis point in interest rates results in an increase in value when there is a decline, and a reduction in value if there is an increase, of EUR 0.9 million at 31 December 2013.

Hedging of interest rate and foreign exchange risks

Hedging relationships initiated by the Group mainly consist of interest rate or currency hedges; they notably involve swaps, options and forward foreign exchange transactions.

Depending on the hedging objective, derivative financial instruments are used as fair value hedges or cash flow hedges. 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. Over and above these hedges recognised under IFRS, the Group is undertaking an economic hedge policy, notably for the exchange risk, and then for the hedging of structured issues.

Interest rate risk in the banking book

The strategy for managing global interest rate risk is based on closely monitoring the sensitivity of the Group's earnings to changes in interest rates. In this way, it can determine how to achieve an optimum level of offset between different risks. This procedure requires an extremely accurate assessment of the risks incurred, in order to determine the most appropriate hedging strategy, after considering the effects of netting. These strategies are defined and implemented by portfolio - clientele and equity - and by currency.

In November 2013, the European Central Bank lowered its key interest rate by a quarter point to 0.25% in anticipation that inflation in the eurozone would remain low. This was the second reduction during the year, following the decision to cut rates by a quarter point in May 2013. Long term euro swap rates however started to increase from May 2013 onwards, influenced by the prospect of monetary policy that could become more restrictive in the United States, due to lower monthly purchases of securities by the Federal Reserve. The Fed finally decided in December 2013 to reduce for the first time its monthly bond purchases to USD 75 billion: A reduction in volume of USD 10 billion per month.

Structural foreign exchange risk

Currency hedges contracted by the ALM department may relate to net foreign currency investments. A hedging relationship may also be set up to hedge the foreign exchange risk on the net foreign currency assets of consolidated subsidiaries. Hedging is utilised by BNP Paribas Leasing Solutions to cover its equity position in subsidiaries using a foreign currency.

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

In the area of interest rate risk, value hedges relate either to identified fixed rate assets or liabilities (Micro Fair Value Hedge), or to portfolios of fixed rate assets or liabilities (Carved-out Macro Fair Value Hedge). Derivatives are contracted to reduce the exposure of the fair value of these instruments to changes in interest rates.

The identified hedges of assets or liabilities primarily consist of available-for-sale securities and the Group's debt issues. Carved-out Macro Fair Value Hedges were used in 2013 to cover financial liabilities, namely customer demand deposits.

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 based on historical observations of customer behaviour.

Demand deposits, which do not bear interest at contractual rights, are qualified as fixed rate medium-term financial liabilities. Consequently, the value of the liabilities is sensitive to changes in interest rates. Estimates of future cash flows are essentially based on historical analysis.

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 its items since the start of the month does not indicate any over-hedging.

During fiscal 2012 and 2013, no hedge (established in accordance with IFRS) was disqualified.

It is also noteworthy that in 2012, as part of the ALM's management, some kinds of hedging swaps known as "carved-out macro fair value hedges" were unwound without their hedged element, or any euro current account deposits, disappearing. There were no such transactions in 2013.

Usage of the fair value option through profit or loss

The usage of the fair value option through profit or loss according to the IFRS standards, applied to portfolios of designated financial assets or liabilities, makes it possible to play on the economic netting (in value variation) between them and their economic hedge derivatives, at the level of the Group's consolidated income statement.

The European Medium Term Notes (EMTN) issued by BGL BNP Paribas are, to a large extent, qualified and traded at their value through profit or loss. As such, their fair value changes are recognised at the same time and in the same manner as those of their economic hedge derivatives, thereby limiting the volatility of the latter through profit or loss.

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, that are designated individually (Micro Cash Flow Hedge approach) or collectively (Macro Cash Flow Hedge approach). Using derivative instruments, the Group hedges all or parts of the exposure to the risks resulting from these floating-rate instruments.

The following table concerns the scope of the Group's medium- and long-term transactions and shows the amount, by forecast date of realisation, of variable-rate outstandings whose cash flows are the object of a Cash Flow Hedge.

In millions of euros	31 December 2013				31 December 2012			
	Under 1 year	From 1 to 5 years	More than 5 years	Total	Under 1 year	From 1 to 5 years	More than 5 years	Total
Variable-rate outstandings whose cash flows are hedged	750.0	1 370.0	425.0	2 545.0	750.0	900.0	275.0	1 925.0

During 2012,one Micro Cash Flow Hedge operation, with a nominal value of 20 million euros, was disqualified following the early repayment of the hedged item. There was no case of disqualification of hedge operations in 2013.

5.e SOVEREIGN RISK

Sovereign risk is the risk of a State defaulting on its debt, that is to say a temporary or prolonged interruption of debt servicing (interest and/or principal)

The Group holds sovereign bonds as part of its liquidity management process. This is based on holding securities eligible as collateral for refinancing by central banks, and includes a high proportion of debt securities with a high rating, issued by governments representing a low level of risk. Moreover, as part of assets and liability management 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.

Outstanding securities issued by sovereign issuers in the Eurozone held in the banking book of the Group amounted to EUR 1.8 billion at 31 December 2013, at nominal value. This compares to EUR 1.6 billion at 31 December 2012 and EUR 3.3 billion at 30 June 2011, the beginning of the crisis affecting some Eurozone sovereign issuers.

The variation in the portfolio which occurred during fiscal 2013, that is an increase of EUR 110 million, arose from acquisitions (EUR 140 million of securities issued by Luxembourg and France) which was partially offset by repayments received (EUR 30 million on securities issued by France, Belgium and Luxembourg).

Outside the Eurozone, assets held in the banking book of sovereign issuers amounted on 31 December 2013 to EUR 70.0 million, compared to EUR 90.0 million on 31 December 2012 following the repayment of EUR 20 million of securities issued by Hungary.

Amount of Group exposure to sovereign debt securities, expressed at nominal value:

In millions of euros	31 December 2013	31 December 2012
Euro zone		
Belgium	710.0	720.0
Cyprus	5.0	5.0
France	400.0	365.0
Italy	241.5	241.5
Luxembourg	130.0	45.0
The Netherlands	30.0	30.0
Countries covered by a European support plan		
Portugal	235.0	235.0
Total euro zone	1 751.5	1 641.5
Other countries of the European Economic Area		
The Czech Republic	60.0	60.0
Hungary	-	20.0
Lithuania	10.0	10.0
Total other EEE	70.0	90.0
Total world	1 821.5	1 731.5

The Group has no position on its trading book.

5.f LIQUIDITY AND REFINANCING RISK

Liquidity and refinancing risk is defined as 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.

The Group's liquidity and refinancing risk is managed through a global "liquidity policy" approved by the Bank's Board of directors. This policy is based on management principles designed to apply both in normal conditions and in the event of a liquidity crisis. The Group's liquidity position is assessed on the basis of internal indicators and regulatory ratios.

5.f.1 The liquidity risk policy

Policy objectives

The objectives of the Group's liquidity policy are: To secure a balanced financing mix to support the Group's development strategy; to ensure that the Group is always in a position to discharge its obligations to its customers; to comply with the standards set by the local banking supervisors (including new standards set under Basel III); and to cope with any liquidity crises.

Roles and responsibilities in liquidity risk management

The Bank's Board of Directors is responsible for the targeted strategy and for the liquidity risk management policy of the Group as developed by the Executive Committee. Under the supervision of the Board of Directors, it is responsible for deciding on risk management policies and for ensuring adequate governance structures in order to adequately monitor the Group's liquidity risk.

The ALCO of BGL BNP Paribas is the Group's Management committee, directed by the Management Board to decide on all ALM and Treasury matters, within the framework of limits and rules as approved by ALM Treasury on the Group level, and by Group Risk Management.

Liquidity risk is managed centrally by ALM and Treasury across all maturities. The Treasury unit is responsible for refinancing and for short-term issues of less than one year. The ALM unit is responsible for refinancing and for senior and subordinated debt issues. ALM and Treasury are therefore in charge of financing the Group's business lines and of investing their surplus cash.

5.f.2 Liquidity risk management and supervision

In its daily management, the steering of the liquidity is based on a complete range of standards and internal indicators.

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

Medium and long term liquidity management is mainly based on the analysis of available medium and long term liabilities in order to finance assets having in the same category. At a one-year horizon, the ratio of liabilities over assets is based on the liquidity schedules of the balance sheet and off-balance sheet items of all Group entities (contractual as well as conventional), under assumptions concerning client behaviour or under a certain number of conventions. Moreover, stress tests of liquidity crises are carried out on a regular basis, taking into account general market factors or ones that are specific to the Group and that are likely to weaken its liquidity situation. In this context, the ability to access sufficient funding to deal with unforeseen developments in liquidity needs, is regularly estimated.

Risk mitigation techniques

Within the normal course of liquidity management or in the event of a liquidity crisis, the most liquid assets constitute a financing reserve that will allow for an adjustment of the Group's treasury position by the sale of financial instruments on the repo market or by pledging them as collateral to a Central Bank. In case of a prolonged crisis, the Group may be required to progressively reduce the size of its balance sheet through the definitive disposal of assets. Finally, the diversification of the financing sources in terms of investor structures and financing (collateralized or not) contribute to reducing the liquidity risk.

Medium / long term debt and Commercial Paper

The total amount of the Group's medium and long term outstanding bonds stood at EUR 1.35 billion at the end of 2013 compared to a stock of EUR 1.75 billion at the end of 2012. The Group also continued to fund itself through its Commercial Paper programmes. The total volume of this paper was EUR 0.82 billion at the end of 2013 down EUR 1 billion on the year.

Netting and intra-group limits

In 2011, the Bank entered into global compensation agreements with BNP Paribas Fortis S.A. and BNP Paribas S.A. (and their respective branches within the European Union) in order to reduce its exposure to these entities both with regard to balance sheet exposures as well as off-balance sheet exposures.

In addition, under these netting agreements, the Bank ended its exposure limits to the BNP Paribas Group.

5.g OPERATIONAL RISK AND INTERNAL CONTROL

5.g.1 Internal control

The internal control system

The Group's internal control system is based on rules, action principles and control processes, implemented by the Management and all employees

The fundamental rules

The Group's Internal Control is based on the following rules:

- Controlling risks and attaining the stated strategic objectives are first and foremost the responsibility of the Operational staff.

Indeed, each Operational staff member, on his own level, has a duty to efficiently verify the activities placed under his responsibility. The "Operational Staff" includes, in general terms, all employees of the business lines and functions, irrespective of their responsibilities or hierarchical level. This control duty is also an essential aspect of the responsibilities carried out by the Management.

The permanent Control system must therefore be strongly integrated into the operational organisation of the business lines and functions. It includes at least a control, by the Operational staff member, of the operations, transactions and activities for which he is responsible, and a control by the hierarchy as part of its managerial responsibility.

- Internal Control is everyone's affair, irrespective of one's level or responsibilities.

As such, each employee is responsible for controlling the activities placed under his responsibility, but also have the duty to raise the alarm in the event of any malfunction or deficiency of which he may learn.

- Internal Control is exhaustive.

It applies to all kind of risks and to all Group business lines and functions, without exception and with the same degree of requirement. It extends to the outsourcing of services or other essential or important operational tasks, under the conditions allowed by the regulations, and to the companies for which the Group provides the operational management, even if they do not enter into the full or proportional integration perimeter.

- Risk control is based on a strict segregation of tasks.

This segregation applies to the various phases of a transaction, from initiation and execution, to recording, settlement and control. It also leads to the set-up of specialised control functions, as well as a clear distinction between permanent Control and periodic Control.

- The risk control is proportional with the intensity of the risks; it can require a "second look".

The risks having to be controlled may require multiple, cumulative or successive controls, the scope and number of which are proportional with their intensity. If necessary, they include one or more controls carried out by one or more independent permanent Control functions (GRM, Compliance, Coordination of permanent Control (2OPC Luxembourg) and Finance are included in this second control group).

A control performed by an independent permanent Control function, whether integrated into the operational entities or separate from them, may take the shape of a "second look" at operations, transactions and activities, meaning a joint assessment before the aforesaid activities, in terms of risk-taking of any kind. This "second look" may come at any point throughout a chain of controls carried out by the operational staff.

The business lines and Control functions must determine provisions for resolving differences of opinion that could arise between them as part of this "second look". The normally applicable principle is an "escalation" of the differences of opinion, i.e. forwarding them to a higher level in the organisation (ultimately to the Management), so that they can be resolved or arbitrated. In certain cases, the possibility of a blocking opinion from the independent permanent Control function can be used.

- Internal Control is traceable

Internal Control relies on written procedures and audit trails. In this regard, controls, results, exploitation and information reported by business lines and functions in Luxembourg to higher governance levels within the Group (Management Board, Board of Directors and its committees) and to the BNP Paribas Group (Divisions and Central functions, General Management, Board of Directors and its committees) must be traceable.

Action principles

Risk control requires the implementation of the following action principles:

- dentification of the risks;
- their assessment and measurement;
- the effective implementation of controls in proportion with the risks to be covered;
- their steering: Calculated risk-taking or risk reduction;
- their reporting;
- the monitoring of risks, in the form of follow-ups and verifications, consolidations and summaries.

The contribution of the permanent Control functions to risk control is based on the independence of their judgments and actions.

The internal Control organisation

Internal Control consists of Permanent Control and Periodic Control, which are separate and independent of one another, while still being complementary, and is based on several levels of control and several actors.

Permanent Control

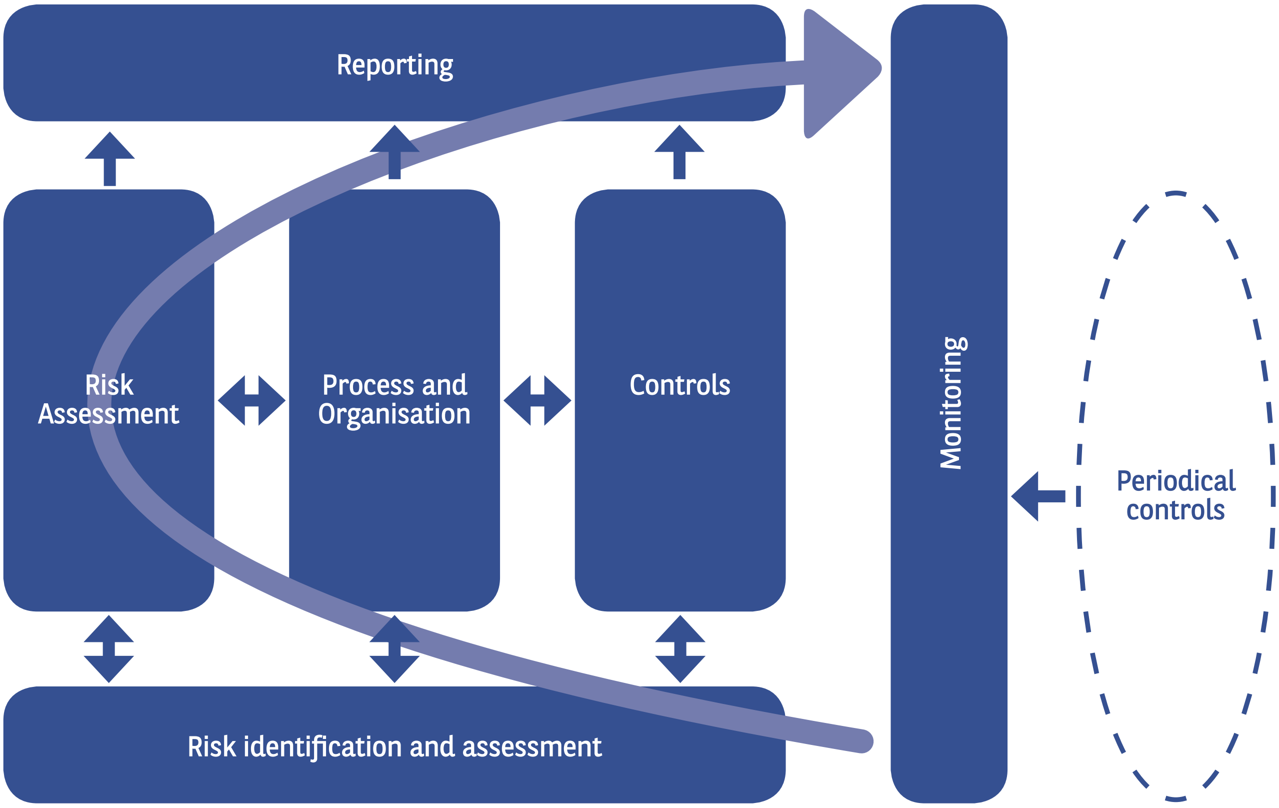
It is an overall system that makes continuous usage of risk management actions and follow-up of the realisation of strategic actions. It is based on control policies, procedures, processes and plans.

To begin with, it is provided by the Operational staff (Control level 1) and secondly by independent permanent Control functions, within the Group (Control level 2).

The consistency of the permanent control systems of the business lines and functions on the organisation's various levels, which together make up the Group permanent Control, is ensured by procedures that determine:

- the organisational level on which the controls are carried out;
- the reports to the organisation's higher levels, and then their consolidation or summary;
- the organisational levels on which the steering is provided.

The following diagram presents the linkage of the various permanent Control elements.



Control level 1

It includes the controls performed within the business lines and functions by the entire operational responsibility line, on the various Management rungs.

The Operational staff - first and foremost the operational hierarchy - have the lead responsibility for controlling their risks, and are the first Permanent Control actors to consider these risks. The controls that they perform are divided between:

- controls carried out directly by the Operational staff on the operations or transactions carried out by them and for which they are responsible on the basis of the operational procedures; these controls can be described as a self-control;

- the controls carried out by Operational staff members dealing with operations on transactions, on the operations or transactions carried out by other Operational staff members (controls provided by the Middle/Back Offices, cross-controls);

- controls carried out by the hierarchy on its various levels, as part of its managerial responsibilities.

Control level 2

The controls carried out by the independent permanent Control functions are divided between:

- the controls carried out by the independent permanent Control functions integrated into the Group

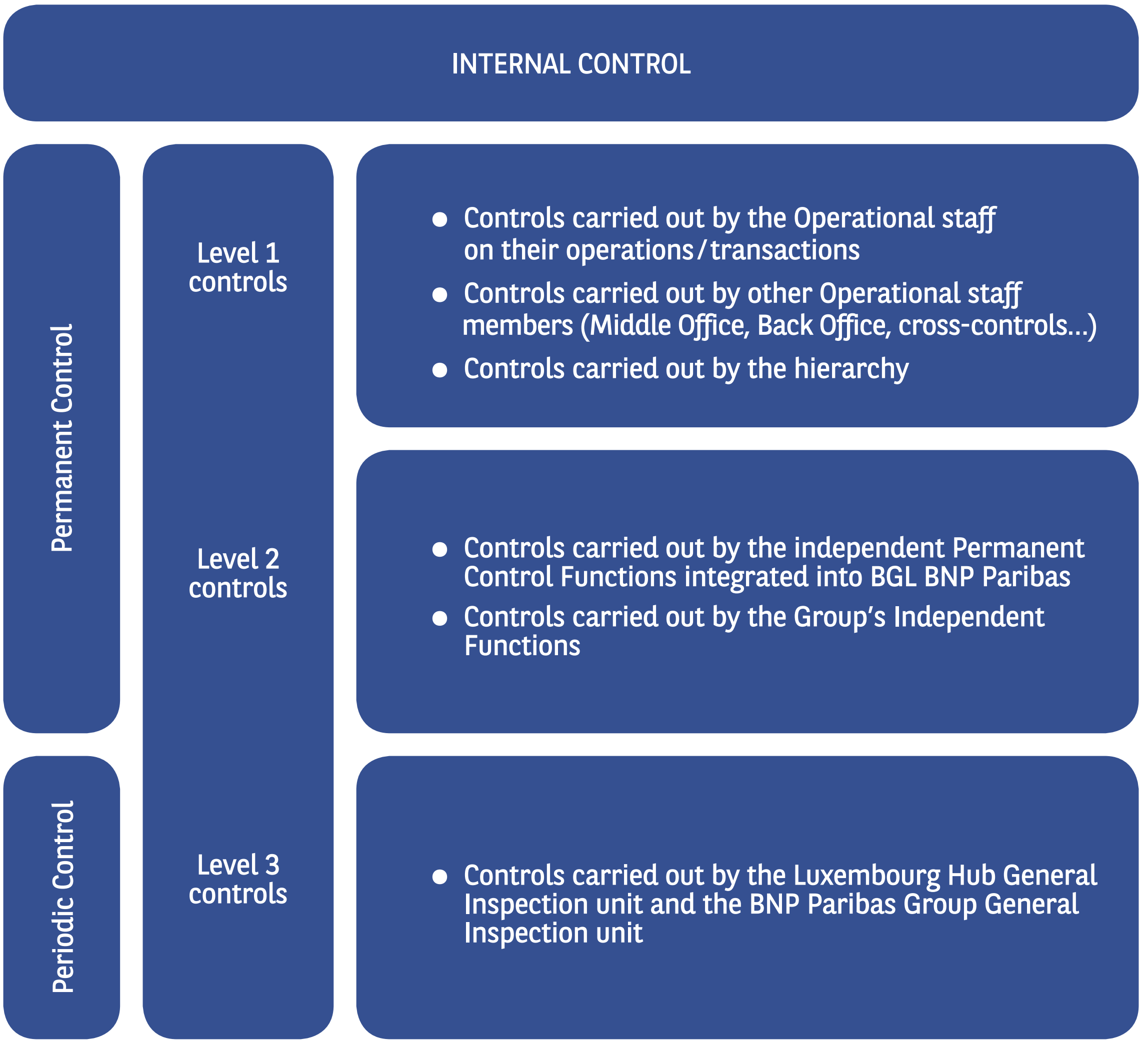
- the controls carried out by the independent permanent Control functions within BGL BNP Paribas.

In both cases, the second level control can take the shape of a "second look" at operations, transactions and activities. This "second look" allows the function performing it to escalate, if necessary, the decisions to a higher level within the organisation.

Periodic Control

This is the overall process for "ex-post" verification of the Group's proper functioning, notably of the efficiency and quality of the Permanent Control system, by means of investigations that are carried out by the General Inspection unit (Control level 3).

The general Internal Control architecture can be summarized in the following manner:



The Internal Control governance

The Internal Control system of the Group is based on a separation between Permanent Control and Periodic Control. Exchanges between Permanent Control and Periodic Control occur in a concerted manner within the Internal Control system, such as to optimise information circulation and to coordinate each group's actions.

The general framework of the governance bodies for the management of operational risks, compliance risk and the operational permanent control system were reviewed and validated by the BGL BNP Paribas Management Board. As such, this overall framework is monitored and managed by the specific committees presented below.

The Internal Control and Risk Committee

The Internal Control and Risk Committee (CCIR) was created out of the Board of Directors (frequency: At least three times per year). It helps the Board of Directors with the overall assessment of the quality of the internal control system, the follow-up of the process for preparing financial information and the compliance with laws and regulations. At least once each year, the periodic Control and permanent Control managers, as well as the corporate Auditor, inform the CCIR of their efforts.

The Internal Control Coordination Platform

The Internal Control Coordination Platform (P2Ci) meets every two months and it composed of around the Chairman of the BGL BNP Paribas Management Board and of those responsible for the functions that make up the second and third internal control levels. The purpose of this platform is to ensure good risk control on a day-to-day basis.

The BGL BNP Paribas Permanent Control Committee

Every six months, the Group's Permanent Control Committee brings together, around the members of the Management Board, the Group Compliance, the BNP Paribas Fortis Compliance and the managers of the various business lines and of the main functions of BGL BNP Paribas. The Committee reviews the status of the permanent control system as well as current and planned actions which aim to improve it.

5.g.2 Operational risk

Operational risk is the risk of losses, resulting either from the inadequacy, or failure, of internal processes or from external events, whether deliberate, accidental or natural.

Operational risk management is the responsibility of the head of the Oversight of Operational Permanent Control (2OPC) team in Luxembourg. He organises the semi-annual Permanent Control Committee meetings. The head of the Oversight of Operational Permanent Control (2OPC) team in Luxembourg also participates in the Internal Control Coordination Platform (P2Ci), which meets every two months. The operational risk status is presented during these two metings.

The objectives of the operational risk management policy are:

- mobilisation of all stakeholders in the firm with regard to risk management;
- reducing the probability of occurrence of events involving operational risk which would endanger:
    - The reputation of the Group or of BNP Paribas;
    - The trust shown by our customers, shareholders and employees;
    - The quality of services and products that are marketed;
    - The profitability of our activities;
    - The efficiency of the processes it manages.
- the establishment of a uniform system across the Group, with an adequate level of formalisation and traceability that can give a reasonable assurance of risk management, to management, to the legislative body and regulators;

- a balance between the risks taken and the cost of the management of operational risks

Standardising its approach to operational risk management promotes a better understanding of the risk profile in its entirety and allows the Group to take advantage of the benefits of risk diversification.

The process of certification, which was put in place through half-yearly reporting of historical incidents to the Permanent Control team is intended to:

- enhance the quality of data;
- ensure its completeness by relying on cross-checks from other sources.

Since 1 January 2008, the method used for calculating the economic and regulatory capital for the operational risk of the Bank has been the Advanced Measurement Approach (AMA), which requires data on internal and external losses, an analysis of various scenarios of potential events and an analysis of environmental factors and internal control. The Group has used the Advanced Measurement Approach (AMA) of BNP Paribas since 1 January 2012.

In this context, the monitoring and analysis of operational losses is carried out under the auspices of the Oversight of Operational Permanent Control (2OPC) team in Luxembourg, applying the Group Forecast (Full Operational Risk & Control Analysis System).

The Oversight of Operational Permanent Control (2OPC) team in Luxembourg assists the permanent controllers in the exercise of operational risk mapping. The objectives of operational risk mapping are to:

- have a first macro view of the major areas of risk of an entity, process, large functional area or type of risk;
- evaluate these risks against the wider control system and assess its effectiveness in terms of the risk tolerance of the entities;
- provide a tool for dynamic monitoring of the risk profile of the entities;
- define actions for the prevention and correction of risks and monitor their implementation.

The validation and review of the risk mapping process by executive management is a key part of the exercise: It gives it power and purpose, as they participate in the definition of risk tolerance and induce action to manage the risk.

The analysis of operational risks resulting from this mapping is done by describing and quantifying potential incidents. Potential incidents represent specific operational risks, characterized by causes, an event and effects that could affect a given process, and thus be related to specific business lines and countries.

The main objective of the methodology relating to potential problems is to identify the most significant potential problems that might arise in the context of the activity under consideration, then to analyse and quantify them, in order to determine the exposure to operational risks of the activity; knowledge of this exposure is crucial both for the measurement of the risks, especially through the calculation of capital, as well as for their management.

Legal risk

The Group's Legal Department has developed an overarching Internal Control system designed to anticipate, detect, measure and manage legal risks. The system is organised around:

- specific committees, namely:
  - **Legal Affairs Committees;**
    - Business Line Legal Affairs Committee (CAJM);
    - Luxembourg Legal Affairs Committee (CAJL);
  - **The Luxembourg Legal Affairs Control Plan**
    - The Luxembourg Legal Affairs Control Plan;
    - The application tickets for completed controls;
- internal procedures and databases providing a

framework for (i) managing legal risk, in collaboration with the Compliance Function for all matters that also fall under their responsibility, and (ii) overseeing the activities of the legal staff and operating staff involved in legal areas. A procedures database has been set up and is accessible to all employees;

- dashboards already in existence within Luxembourg Legal Affairs:

  - Litigation and pre-litigation follow-up table prepared by the business lines;

  - For the BNP Paribas Group entities in Luxembourg, tables for reporting major files (major consulting, litigation and pre-litigation files in excess of 1 million euros and files that include special risks) to the BNP Paribas Group and IS Division Legal Affairs.

The adoption of the procedures and the preparation of the control plan as part of the Group legal risk control system was one of the major concerns in 2010.

Tax risk

In each country where it operates, the Group is bound by specific local tax regulations that apply to the business sectors in which the various Group entities are involved, for example the bank, insurance or financial services.

Within the BNP Paribas Group, the Group Tax Department (AFG) is a global function, responsible for overseeing the consistency of the Group's tax affairs while also sharing responsibility for monitoring global tax risks with the Finance Group (FG). The Group Tax Department performs controls to ensure that tax risks remain on an acceptable level and are consistent with the Group's reputation objectives.

To carry out its mission, the Group Tax Department has established:

- a network of tax correspondents in all of the countries in which the Group operates, in addition to the local tax specialists present in 18 countries;

- a qualitative data reporting system in order to manage tax risks and to assess compliance with local tax laws;

- regular reporting to the General Management on the use made of delegations of authority and compliance with internal standards.

With FG, the Group Tax Department co-chairs the Tax Coordination Committee, which also includes the Compliance function and, when appropriate, the core business lines. The purpose of this Committee is to analyse the elements regarding the Group's main tax issues, and to make appropriate decisions FDG is obliged to consult with AFG on any tax issues arising on processed transactions.

Lastly, the Group Tax Department has drawn up procedures covering all of the divisions, designed to ensure that tax risks are identified, addressed and controlled. It equally involves the Group's tax risk as much as it does the tax risk of the products or transactions proposed to the clientele by the Group's companies. The resources for attaining the objectives vary greatly, since the procedures involve, amongst other things:

- the application framework of the responsibilities related to tax issues: This is notably the purpose of the Tax Risk Charter that is prepared either in the form of a mission statement sent to the local tax function managers, or in the form of a delegation letter to the division managers for entities that are not covered by tax specialists. This letter is reviewed according to the evolution of the Territory Director's Charter;

- the validation by the AFGs of any new product with a pronounced tax content, of all new activities and "specific" operations that are structured in France and abroad;

- the provisions for the recourse to an external tax adviser;

- the definition of tax-related operational incidents, and of common declaration and reporting standards;

- the definition and dissemination of rules and standards applicable within the Group and the validation of any master agreement or marketplace agreement and any circular or internal organic text that has a pronounced tax aspect;

- reporting on the tax audits;
- the provisions for controlling the delivery of tax-related opinions and advice.

With regard to Luxembourg, the Luxembourg Fiscal Affairs (AFL) function is in charge of monitoring the application of these principles for Group entities.

AFL reports hierarchically to the Territory Director and to the COO looking after the AFLs, and functionally to the AFG managers.

Information systems security

Information is a key commodity for the activities of banks. With dematerialization now virtually in place, growing demand for swift online processing of ever more sophisticated transactions and the interconnection between the Group and its customers - via Internet for individuals and multiple networks for companies and institutions - are constantly increasing the need for control of the risk relative to information security.

Incidents reported in different countries involving banking and credit/payment card industries highlight the increased need for vigilance, with this topic having been reiterated by regulations and case law in the area of personal and banking data.

The rules governing information security in the Group are set out in various types of reference documents, in several categories: A general security policy, more specific policies for various issues related to information systems security, the formulation of requirements structured around the ISO 27001 standard, practical guide to security requirements, and operational procedures.

This security framework is drilled down to each individual business line, while taking account of any regulatory requirements and the risk appetite of the business line in question, and while relying on the Group's security policy. Each business line takes the same approach to managing information security (the adopted methodology is the ISO 27005 completed by the French EBIOS methodology), common objective indicators, control plans residual risk assessment and action plans. This approach is part of the Permanent Control and Periodic Control framework set up within each banking activity.

Each of the Group's business lines is exposed to some specific form of information security risk, with some risks common to all businesses. The policy for managing these risks takes into consideration the specific nature of the business as well as Luxembourg's national specificities.

The Group takes a continuous progress approach to information security. Apart from investing heavily in protecting its information system assets and information resources, implemented security level must be supervised and controlled continuously. This provides for swift adjustment of the security efforts to new threats caused by cybercrime. One of the effects of this continuous progress approach is that investments are made to develop the management of authorisations and access control to the most important applications used by the business lines and the performance of intrusion tests on the information systems.

The availability of information systems is vital in order to ensure the continuation of banking operations in a crisis or emergency. While it is impossible to guarantee 100% availability, the Group maintains, improves and regularly verifies the information backup capabilities and the 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 efforts in this area are consistent with the general business continuity plan.

The Group seeks to minimise information security risk and optimise resources by:

- the introduction of the Group's security policy and governance, with the organisation of security committees between IT and business lines;
- setting up a procedural framework for each business

line, and governing day-to-day production and management of existing software and new applications;

- raising employee awareness of information security imperatives and training key players in the appropriate procedures and behaviours related to information system resources;

- adopting, with regard to the projects of the business lines as well as the infrastructures and shared systems, a formal approach for managing change, evaluating systems and improving management of security risks through measurable key performance indicators and action plans intended to reach these objectives, that are part of the Group's permanent and periodic Control initiative, which resulted in a tool to support risk management of IT systems;

- monitoring incidents and developing intelligence of technological vulnerability and information system attacks.

5.g.3 Approach and scope

The principles of measurement and management of operational risk are defined by the Group Compliance department, by delegation from the Risk Management department. The operational risk system implemented by the BNP Paribas Group is scaled to be proportionate to the risks being incurred and 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 prudential scope. The amount of risk-weighted assets is calculated by multiplying the capital requirement by 12.5.

The Group has adopted a hybrid approach combining the Advanced Measurement Approach (AMA), the standard approach and the basic approach indicator. For the Group the AMA methodology has been deployed in the most significant entities.

Advanced Measurement Approach (AMA)

The Advanced Measurement Approach (AMA) for calculating capital requires the development of an internal operational risk model, based on internal loss data (potential and historical), external loss data, the analysis of various scenarios, and environmental and internal control factors.

The internal model meets the AMA criteria and includes the following principles:

- The model is based on the annual aggregate loss distribution, meaning that the frequency and severity of operational risk losses are modelled using an actuarial approach and according to distributions calibrated on available data;

- Historical and prospective data are used in the calculation of capital requirements, with a predominance for prospective data, since they can be shaped to reflect extreme risks;

- The model is faithful to its input data, so that the results can be used easily by the different business lines: Thus, most of the assumptions are included in the data themselves;

- The capital calculations are made prudently: In this context, there is a thorough review of the input data, and any supplemental data are added if they are 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

The Group has chosen to use fixed-parameter approaches (standard or basic) to calculate the capital requirements for entities in the 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 or overlap.

5.g.4 Risk reduction through insurance policies

Risks incurred by the Group are covered with the dual aim of protecting its balance sheet and profit and loss statement.

This involves an in-depth identification of risks, detailed analyses of operational losses suffered by the Group. The identified risks are then mapped and their impact is quantified.

Insurance policies are purchased from leading insurers in order to remedy any possible significant damages resulting from fraud, misappropriation and theft, operational losses or civil liability of the Group or of the employees for which it may be held responsible.

In order to optimise costs and effectively manage its exposure, the Group self-insures certain risks while maintaining perfect control of its exposure. These are well identified risks whose impact in terms of frequency and cost is known or foreseeable.

In selecting insurers, the Group pays close attention to the credit rating and solvency of its insurance partners.

Finally, detailed information on risks incurred as well as risk assessment visits enable insurers to assess the quality of the prevention efforts within the Group, as well as the security measures put in place and upgraded on a regular basis in light of new standards and regulations.

5.h COMPLIANCE AND REPUTATION RISK

Effective management of compliance risk is a core component of the Group's Internal Control system. It covers adherence to applicable laws, regulations and codes of conduct and standards of good practice, protecting the reputation of the Group , as well as of its managers, employees and customers, the precision and exhaustiveness of the disseminated information, ethical professional behaviour, the prevention of conflicts of interest, protection of the interests of customers and the integrity of the markets, anti-money laundering procedures, combating corruption and terrorist financing, and finally, respecting financial embargoes.

As required by the regulations, the Compliance function is in charge of implementing and controlling the system, and is one of the key actors in Internal Control. Reporting to the Co-Chairman of the Management Board in charge of Compliance, it has direct and independent access to the Chairman of the Board of Directors and to the Internal Control and Risk Committee.

It is an independent function for controlling the compliance of activities in view of the legislative, regulatory, normative and ethical environment, and if possible internal provisions specific to the establishment. It consequently focuses on compliance risks specific to this environment: These risks can, as relevant, have the financial, operational, legal or ethical impacts on the Group's activities.

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

- general and specific procedures;
- dedicated controls;
- deployment of prevention and detection tools (notably for preventing money laundering, terrorist financing, corruption and Market Abuses);
- training and awareness-raising actions, both at Group level and in the divisions and business lines.

Protecting its reputation is high on the agenda of the BNP Paribas Group. It requires permanent revisions to the risk management policy in line with developments in the external environment. The BNP Paribas Group has strengthened its control function in the fight against money laundering, terrorist financing, corruption, the disrespect of financial embargos and Market Abuse, and to ensure that the interests of clients are protected.

5.i CAPITAL MANAGEMENT AND CAPITAL ADEQUACY

5.i.1 Regulatory capital

The Group is required to comply with the Luxembourg prudential regulations that transpose the European Directive on "Capital adequacy for credit institutions" into national law.

Since 1 January 2008, CSSF Circular 06/273 (as amended) defining the so-called "Basel II" calculation methods for the solvency ratio, as defined by the latter as the ratio between overall regulatory capital is the sum of:

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

Breakdown of regulatory capital

Regulatory capital is determined in compliance with the CSSF Circulaire 06/273, as modified. It is divided into three components (core capital (Tier 1), supplementary capital (Tier 2) and super-supplementary capital (Tier 3), from which a certain number of deductions are made:

- Core capital corresponds to the Group's consolidated equity (excluding unrealised or deferred gains and losses) adjusted for certain items. These adjustments consist, among other things, of deducting the planned dividend for the year, as well as goodwill and other intangibles, and the deduction of own credit risk and possible losses on variable income securities classified as available-for-sale assets.
- Supplementary capital principally 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 using the internal ratings-based approach. Where appropriate, supplementary capital includes unrealized gains on variable-income securities classified as held-for-sale assets.

  A discount is applied to certain types of subordinated debt with a residual maturity of less than five years. Dated subordinated debt is limited to 50% of the amount of the core capital. Overall, the supplementary capital is capped at the equivalent of 100% of the core capital.
- The Group does not hold any Tier 3 capital.
- The following items are deducted for the purpose of calculating regulatory capital, half from the core capital and half from the supplementary capital: (i) components of regulatory own funds from credit institutions and financial institutions more than 10% owned by the Group; (ii) components of regulatory own funds from insurance or reinsurance undertakings; (iii) the portion of expected losses on credit exposure measured using the advanced internal ratings-based approach, which is not covered by provisions or other value adjustments; and (iv) losses expected on listed equities using the simple risk weight method.

Regulatory over funds, excluding income for the current year

In millions of euros	31 December 2013	31 December 2012
Shareholders' equity before appropriation	**5 697.1**	**5 592.9**
Ordinary shares and share premiums	3 474.9	3 474.9
Retained earnings	1 826.3	1 781.4
Remeasurement reserves	59.0	69.8
Net income for the current year	336.9	266.8
Total minority interests before appropriation of income	**1 277.9**	**1 236.9**
Consolidated equity	6 975.0	6 829.8
Regulatory deductions and other items	**(907.1)**	**(810.5)**
Deduction of Intangible assets	(153.2)	(158.4)
Other regulatory restatements	(753.9)	(652.1)
of which: Neutralisation of regulatory provisions	*(95.4)*	*(95.4)*
Neutralisation of unrealised capital gains on buildings	*(56.8)*	*(57.2)*
Neutralisation of own credit risk	*(11.7)*	*(16.3)*
Neutralisation of non-eligible reevaluation reserves	*(65.8)*	*(58.0)*
Neutralisation of the reevaluation reserves transferred to Tier 2	*(18.7)*	*(16.2)*
Deferred tax assets not recoverable for 2 years	*(45.0)*	*(45.8)*
Neutralisation of the restated income before appropriation [1)]	*(460.5)*	*(363.2)*
Tier 1 own funds before items to be deducted	6 067.9	6 019.3
Tier 2 own funds before items to be deducted	102.9	107.5
Expected losses linked to equity exposures	**(4.4)**	**(9.3)**
Investments in associates	**(254.6)**	**(282.4)**
Provision deficit (compared to Expected Loss)	**(56.5)**	**(62.3)**
Items to be deducted from tier 1 and 2	(315.5)	(354.0)
Regulatory own funds	5 855.3	5 772.8

[1)] *Corresponds to Group share of income and share of minority interests, after prudential filters (prudential provisions and own credit risk).*

5.i.2 Capital requirements and risk-weighted assets

Capital requirements and risk-weighted assets under Pillar 1

The table below summarises the risks broken down by Basel regulatory class. These risks serve as a reference for calculating the solvency ratio of the Group within the framework of regulatory reports filed with the CSSF (Basel II Pillar 1).

In millions of euros	31 December 2013		31 December 2012	
	Amount of risk weighted assets	Capital requirements	Amount of risk weighted assets	Capital requirements
Credit and counterparty risk	**20 788.4**	**1 663.1**	**22 686.8**	**1 814.9**
Credit risk - IRBA	**5 639.2**	**451.2**	**6 718.8**	**537.5**
Central governments and central banks	400.8	32.1	491.3	39.3
Corporates	2 894.8	231.6	3 769.4	301.6
Institutions [1]	956.8	76.5	1 051.6	84.1
Retail	1 294.9	103.6	1 303.6	104.3
Exposures guaranteed by real estate collateral	744.7	59.6	594.9	47.6
Other exposures	550.2	44.0	708.7	56.7
Securitised exposures	91.9	7.4	102.9	8.2
Credit risk - Standardised approach	**15 149.2**	**1 211.9**	**15 968.0**	**1 277.4**
Central governments and central banks	6.4	0.5	11.6	0.9
Corporates	6 172.7	493.8	6 716.4	537.3
Institutions [1]	681.0	54.5	890.7	71.3
Retail	6 323.5	505.9	6 370.4	509.6
Exposures guaranteed by real estate collateral	1.3	0.1	1.4	0.1
Other exposures	6 322.2	505.8	6 369.0	509.5
Securitised exposures	148.4	11.9	55.3	4.4
Other non credit-obligation assets	1 817.2	145.3	1 923.6	153.9
Exposure risk in the form of equities	**726.3**	**58.1**	**1 289.5**	**103.2**
Internal model	-	-	-	-
Simple risk weight method	687.3	55.0	1 243.4	99.5
Listed equities	0.5	-	0.5	0.1
Other equity exposures	686.8	55.0	1 242.9	99.4
Standardised approach (grandfathering)	39.0	3.1	46.1	3.7
Market risk	**11.7**	**0.9**	**7.3**	**0.6**
Internal model	-	-	-	-
Standardised approach	11.7	0.9	7.3	0.6
Interest rate risk linked to negociable debt securities	10.0	0.8	0.9	0.1
Echange rate risk	-	-	-	-
Price risk associated to shares	1.7	0.1	6.3	0.5
Price risk associated to raw materials	-	-	0.1	-
Operational risk	**1 254.9**	**100.4**	**1 292.5**	**103.4**
Advanced measurement approach (AMA)	955.3	76.5	982.1	78.6
Standardised approach	151.5	12.1	146.2	11.7
Basic Indicator Approach (BIA)	148.1	11.8	164.2	13.1
Total risks before application of the temporary provisions	**22 781.3**	**1 822.5**	**25 276.1**	**2 022.1**
Temporary provisions (Basel 1 floor)	-	-	-	-
Total risks after application of the temporary provisions	**22 781.3**	**1 822.5**	**25 276.1**	**2 022.1**

[1] The class "Institutions" corresponds to credit institutions as well as investment firms (including those recognised in other countries) linked to credit institutions. In addition, this class includes some regional and local governments, public sector entities and multilateral development banks which are not treated as central government.

5.i.3 Capital adequacy

Under the European Union regulation transposed into national law by the CSSF Circular 06/273 (as modified), the Group is required to comply with the regulatory ratios at all times, meaning core capital at least equal to 4% and a regulatory solvency ratio at least equal to 8%. As at 31 December 2013, the Group's regulatory solvency ratio was 25.7%, excluding income for the current year.

5.i.4 Capital management and planning

Capital adequacy ratios are managed prospectively on a prudent basis that takes profitability and growth targets into account. The Group therefore maintains an appropriate financial structure that allows it to finance business growth on the best possible terms while preserving its very high quality credit rating.

Changes in ratios are reviewed by the Management board on a quarterly basis, and whenever an event occurs or decision is made that will materially affect the consolidated ratios on the Group level.

As part of the internal assessment process for its capital adequacy (relative to Basel II pillar 2) the Group considers that the Pillar 1 risks (credit, market and operational risks) are sufficiently covered by the regulatory capital under pillar 1 at 31 December 2013 and going forward (1 year and in anticipation of the new Directive CRD IV). Indeed, having undergone stress tests, the additional capital requirements can be absorbed by the Group's net income before tax. In addition, the evaluation exercise carried out by the Group relating to Pillar 2 risks (interest rate risk excluding the trading portfolio and liquidity risks) again do not demonstrate any additional capital requirement.

This internal exercise has made it possible to demonstrate that the Group is adequately capitalised and has a significant internal capital surplus.

5.j ICAAP (INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS)

The second pillar of the Basel II capital framework describes how supervisory authorities and the Group can effectively assess the appropriate level of regulatory capital. This assessment must cover all risks incurred by the Group, their sensitivity to crisis scenarios and how they are expected to evolve in light of development projects.

This internal assessment system is regularly integrated into the Group's decision-making and management processes and supported, where appropriate, by impact analyses of crisis scenarios on business plans and by internal models that notably reflect concentrations and diversifications in an economic manner.

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6. NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2013

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

Financial assets and liabilities at fair value through profit or loss consist mainly of issues for the Group's own account, made to fulfil customer demand, and instruments which accounting regulations do not allow the Group to classify as hedging instruments.

In millions of euros	31 December 2013		31 December 2012	
	Trading book	Portfolio designated at fair value on option	Trading book	Portfolio designated at fair value on option
Securities portfolio	156.3	4.2	191.7	4.5
Loans and repurchase agreements	26.3	123.2	10.0	208.5
Financial assets at fair value through profit or loss	**182.6**	**127.4**	**201.7**	**213.0**
Securities portfolio	25.6	-	7.0	-
Borrowing and repurchase agreements	132.7	-	156.5	-
Debt securities (note 6.i)	-	532.8	-	767.3
Subordinated debt (note 6.i)	-	109.0	-	110.0
Financial liabilities at fair value through profit or loss	**158.3**	**641.8**	**163.5**	**877.3**

The details of these headings are presented in note 6.d.

Financial assets

The financial assets in the trading portfolio notably consist of securities transactions that the Group carried out on its own behalf, repurchase agreements as well as some derivatives. Assets designated at fair value or model value through profit or loss include assets with embedded derivatives that have not been separated from the host contract.

Financial liabilities

Financial liabilities at fair value or model value through profit or loss consist mainly of originated and structured issues on behalf of the clientele, 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 economic hedging derivatives.

The redemption value of liabilities at fair value or model value through profit or loss amounted to EUR 648.5 million on 31 December 2013 compared to EUR 931.0 million on 31 December 2012.

Derivatives held for trading

The majority of derivatives held for trading are related to financial assets and liabilities which do not qualify for hedge accounting.

Some derivatives held in the trading portfolio relate to transactions initiated by the activities to manage positions. They may result from market-making or arbitrage activities.

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

In millions of euros	31 December 2013		31 December 2012	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Currency derivatives	26.7	20.2	39.3	31.8
Interest rates derivatives	43.7	34.2	64.3	46.2
Equity derivatives	11.6	23.7	33.7	92.6
Credit derivatives	0.1	0.2	0.1	2.2
Other derivatives	-	-	1.4	1.8
Financial derivative instruments	82.1	78.3	138.8	174.6

The table below shows the total notional amount of trading derivatives. The notional amounts of derivatives are merely an indication of the volume of the Group's activities and financial instrument markets, and do not reflect the market risks associated with such instruments.

In millions of euros	31 December 2013	31 December 2012
Currency derivatives	4 199.4	7 758.1
Interest rate derivatives	2 635.7	2 480.8
Equity derivatives	691.5	1 068.5
Credit derivatives	187.3	187.6
Other derivatives	1.3	44.4

6.b DERIVATIVES USED FOR HEDGING PURPOSES

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

In millions of euros	31 December 2013			31 December 2012		
	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Derivatives used for fair value hedges of non-derivative financial instruments						
Interest rate derivatives	1 839.4	66.1	17.0	2 235.4	86.0	34.5
Fair value hedges	**1 839.4**	**66.1**	**17.0**	**2 235.4**	**86.0**	**34.5**
Derivatives used for cash flow hedges of non-derivative financial instruments						
Currency derivatives	47.8	15.0	-	107.2	11.2	0.4
Interest rate derivatives	2 545.0	23.8	14.2	1 925.0	32.3	25.3
Cash flow hedges	**2 592.8**	**38.8**	**14.2**	**2 032.2**	**43.5**	**25.7**
Derivatives used for hedging purposes	**4 432.2**	**104.9**	**31.2**	**4 267.6**	**129.5**	**60.2**

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

6.c AVAILABLE-FOR-SALE FINANCIAL ASSETS

In millions of euros	31 December 2013			31 December 2012		
	Net	of which impairments	of which changes in value recognised directly to equity	Net	of which in-impairments	of which changes in value recognised directly to equity
Fixed-income securities	**3 075.5**	**-**	**116.9**	**2 831.1**	**-**	**114.5**
Government Bonds	1 559.6	-	85.2	1 434.4	-	92.0
Other Bonds	1 515.9	-	31.7	1 396.7	-	22.5
Equities and other variable-income securities	**251.0**	**(249.1)**	**22.7**	**393.7**	**(256.4)**	**18.8**
Listed securities	30.1	(13.2)	6.2	27.4	(13.2)	3.5
Non-listed securities	220.9	(235.9)	16.5	366.3	(243.2)	15.3
Total available-for-sale financial assets	**3 326.5**	**(249.1)**	**139.6**	**3 224.8**	**(256.4)**	**133.3**

Changes in value taken directly to equity are included in equity as follows:

In millions of euros	31 December 2013			31 December 2012		
	Fixed income securities	Equities and other variable income securities	Total	Fixed income securities	Equities and other variable income securities	Total
Changes in value of non-hedged securities recognised in "available-for-sale financial assets"	**116.9**	**22.7**	**139.6**	**114.5**	**18.8**	**133.3**
Deferred tax linked to these changes in value	(19.9)	(3.7)	(23.6)	(15.5)	(2.3)	(17.8)
Group share of changes in value of available-for-sale securities owned by associates, net of deferred tax	8.6	(0.3)	8.3	10.6	(0.4)	10.2
Unamortised changes in value of available-for-sale securities reclassified as loans and receivables	(49.7)	-	(49.7)	(62.1)	-	(62.1)
Other variations	0.1	(0.1)	0.0	-	0.1	0.1
Changes in value of assets recognised directly to equity under the heading "Available-for-sale financial assets"	56.0	18.6	74.6	47.5	16.2	63.7
Attributable to equity shareholders	56.2	18.7	74.9	47.7	16.3	64.0
Attributable to minority interests	(0.2)	(0.1)	(0.3)	(0.2)	(0.1)	(0.3)

6.d MEASUREMENT OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

Valuation process

The Group has retained the fundamental principle that it should have a unique and integrated processing chain for producing and controlling the valuations of financial instruments that are used for the purpose of daily risk management and financial reporting. All these processes are based on a common economic valuation which is a core component of business decisions and risk management strategies.

Economic value is composed of mid-market value and additional valuation adjustments.

Mid-market value is derived from external data or valuation techniques that maximise the use of observable and market-based data. Mid-market value is a theoretical additive value which does not take account of i) the direction of the transaction or its impact on the existing risks in the portfolio, ii) the nature of the counterparties, and iii) the aversion of a market participant to particular risks inherent in the instrument, the market in which it is traded, or the risk management strategy.

Additional valuation adjustments take into account valuation uncertainty and include market and credit risk premiums to reflect costs that could be incurred upon transacting in the principal market. These valuation adjustments are added to the mid-market value in order to obtain the economic value. Funding assumptions are an integral part of the midmarket valuation through the use of the appropriate discount rate. This notably takes into account the existence and terms of any collateral agreement and the effective funding conditions of the instrument.

Fair value generally equals the economic value, subject to limited additional adjustments, such as own credit adjustments, which are specifically required by IFRS standards.

The main additional valuation adjustments are presented in the section below.

Additional valuation adjustments

Additional valuation adjustments retained by the Group for determining fair values are as follows:

Bid/offer adjustments: The bid/offer range reflects the additional exit cost for a price taker (potential client). It represents symmetrically the compensation sought by dealers to bear the risk of holding the position or closing it out by accepting another dealer's price.

The Group assumes that the best estimate of an exit price is the bid or offer price, unless there is evidence that another point in the bid/ offer range would provide a more representative exit price;

Value adjustment for counterparty risk (Credit valuation adjustment or CVA): The CVA adjustment applies to valuations and market quotations whereby the credit worthiness of the counterparty is not reflected. It aims to account for the possibility that the counterparty may default and that the Group may not receive the full fair value of the transactions.

In determining the cost of exiting or transferring counterparty risk exposures, the relevant market is deemed to be an inter-dealer market. However, the observation of CVA remains judgemental due to:

- the absence or lack of price discovery in the inter-dealer market;
- the influence of the regulatory landscape relating to counterparty risk on the market participants' pricing behaviour;
- the absence of a dominant business model for managing counterparty risk.

The CVA model is grounded on the same exposures as those used for regulatory purposes. The model attempts to estimate the cost of an optimal risk management strategy based on i) implicit incentives and constraints inherent in the regulations in force and their evolutions, ii) market perception of the probability of default and iii) default parameters used for regulatory purposes.

Own-credit valuation adjustment for debts (OCA) and for derivatives (debit valuation adjustment – DVA): OCA and DVA are adjustments reflecting the effect of credit worthiness of BGL BNP Paribas, on respectively the value of debt securities designated as at fair value through profit and loss and derivatives. Both adjustments are based on the expected future liability profiles of such instruments. The own credit worthiness is inferred from the market-based observation of the relevant bond issuance levels.

Thus, the carrying value of liabilities measured at fair value though profit or loss fell by EUR 16.6 million as at 31 December 2013, compared with a reduction in value of EUR 23.1 million as at 31 December 2012.

The change in earnings is largely correlated to changes in the level of spreads: The average level of senior spread applied to 31 December 2013 is 29 basis points against 48 basis points to that applied on 31 December 2012.

The change in fair value of derivative liabilities in respect of own credit risk instruments is not significant at 31 December 2013.

Instrument classes and classification within the fair value hierarchy for assets and liabilities measured at fair value

As explained in the summary of significant accounting policies (note 1.c.8), financial instruments measured at fair value are categorised into a fair value hierarchy consisting of three levels.

The disaggregation of assets and liabilities into risk classes is meant to provide further insight into the nature of the instruments:

- securitised exposures are further broken down by collateral type;
- for derivatives, fair values are broken down by dominant risk factor, namely interest rate, foreign exchange, credit and equity. Derivatives used for hedging purposes are mainly interest rate derivatives.

In millions of euros	31 December 2013				31 December 2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS								
Trading book	156.3	26.3	-	182.6	191.7	10.0	-	201.7
Securities portfolio	**156.3**	**-**	**-**	**156.3**	**191.7**	**-**	**-**	**191.7**
Equities and other variable-income securities	156.3	-	-	156.3	191.7	-	-	191.7
Loans and repurchase agreements	**-**	**26.3**	**-**	**26.3**	**-**	**10.0**	**-**	**10.0**
Repurchase agreements	-	26.3	-	26.3	-	10.0	-	10.0
Portfolio designated as at fair value through profit or loss on option	-	126.2	1.2	127.4	-	211.7	1.3	213.0
Securities porfolio	**-**	**3.0**	**1.2**	**4.2**	**-**	**3.2**	**1.3**	**4.5**
Equities and other variable-income securities	-	3.0	1.2	4.2	-	3.2	1.3	4.5
Loans and repurchase agreements	**-**	**123.2**	**-**	**123.2**	**-**	**208.5**	**-**	**208.5**
Loans	-	123.2	-	123.2	-	208.5	-	208.5
Available-for-sale assets	2 291.2	816.9	218.4	3 326.5	2 497.3	363.7	363.8	3 224.8
Government bonds	1 331.5	228.1	-	1 559.6	1 225.5	208.9	-	1 434.4
Other fixed-income securities	929.7	586.2	-	1 515.9	1 244.4	152.3	-	1 396.7
Equities and other variable-income securities	30.0	2.6	218.4	251.0	27.4	2.5	363.8	393.7
FINANCIAL LIABILITIES								
Trading book	25.6	132.7	-	158.3	7.0	156.5	-	163.5
Securities porfolio	**25.6**	**-**	**-**	**25.6**	**7.0**	**-**	**-**	**7.0**
Equities and other variable-income securities	25.6	-	-	25.6	7.0	-	-	7.0
Borrowings and repurchase agreements	**-**	**132.7**	**-**	**132.7**	**-**	**156.5**	**-**	**156.5**
Repurchase agreements	-	132.7	-	132.7	-	156.5	-	156.5
Portfolio designated as at fair value through profit or loss on option	-	634.3	7.5	641.8	-	859.5	17.8	877.3
Debt securities	-	525.3	7.5	532.8	-	749.5	17.8	767.3
Subordinated debts	-	109.0	-	109.0	-	110.0	-	110.0

In millions of euros	31 December 2013				31 December 2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
POSITIVE FAIR VALUE								
Foreign exchange derivatives	-	26.7	-	26.7	-	39.3	-	39.3
Interest rate derivatives	-	43.2	0.5	43.7	-	62.6	1.7	64.3
Credit derivatives	-	0.1	-	0.1	-	0.1	-	0.1
Equity derivatives	-	11.6	-	11.6	-	33.7	-	33.7
Other derivatives	-	-	-	-	-	1.4	-	1.4
Positive fair value of derivatives (not used for hedging purposes)	-	81.6	0.5	82.1	-	137.1	1.7	138.8
Positive fair value of derivatives used for hedging purposes	-	104.9	-	104.9	-	129.5	-	129.5
NEGATIVE FAIR VALUE								
Foreign exchange derivatives	-	20.2	-	20.2	-	31.8	-	31.8
Interest rate derivatives	-	34.2	-	34.2	-	46.2	-	46.2
Credit derivatives	-	0.2	-	0.2	-	2.2	-	2.2
Equity derivatives	-	23.7	-	23.7	-	92.6	-	92.6
Other derivatives	-	-	-	-	-	1.8	-	1.8
Negative fair value of derivatives (not used for hedging purposes)	-	78.3	-	78.3	-	174.6	-	174.6
Negative fair value of derivatives used for hedging purposes	-	31.2	-	31.2	-	60.2	-	60.2

Transfers between levels may occur when an instrument fulfils the criteria defined, which are generally market and product dependent. The main factors influencing transfers are changes in the observation capabilities, passage of time, and events during the transaction lifetime. The timing of recognising transfers is determined at the end of the reporting period.

During the years 2013 and 2012, transfers between Level 1 and Level 2 were not significant.

Description of main instruments in each level

The following section provides a description of the instruments in each level in the hierarchy. It describes notably instruments classified in Level 3 and the associated valuation methodologies. For main trading book instruments and derivatives classified in Level 3, further quantitative information is provided about the inputs used to derive fair value.

Level 1

This level encompasses all derivatives and securities that are listed on exchanges or quoted continuously in other active markets.

Level 1 includes notably equity securities and liquid bonds, shortselling of these instruments, derivatives traded on organised markets (for example, futures,) and shares of funds and UCITS, for which the net asset value is calculated on a daily basis.

Level 2

The Level 2 ***stock of securities*** is composed of securities which are less liquid than the Level 1 bonds. They are predominantly government bonds, corporate debt securities, Asset Backed Securities and Student Loans, Mortgage Backed Securities, not using a modelling methodology of cash flows, fund shares and short-term securities such as certificates of deposit. They are classified in Level 2 notably when external prices for the same security can be regularly observed from a reasonable number of market makers that are active in this security, but these prices do not represent directly tradable prices. This comprises amongst other, consensus pricing services with a reasonable number of contributors that are active market makers as well as indicative runs from active brokers and/or dealers. Other sources such as primary issuance market, collateral valuation and counterparty collateral valuation matching may also be used where relevant.

Repurchase agreements are classified predominantly in Level 2. The classification is primarily based on the observability and liquidity of the repo market, depending on the underlying collateral.

Debts issued designated as at fair value on option, are classified in the same level as the one that would apply to the embedded derivative taken individually. Own credit spread is an observable input.

Derivatives classified in Level 2 comprise mainly the following instruments:

- vanilla instruments such as interest rate swaps, caps, floors and swaptions, credit default swaps, equity/foreign exchange (FX) / commodities forwards and options;
- structured derivatives such as exotic forex options, mono -and multiunderlying equity/funds derivatives, single curve exotic interest rate derivatives and derivatives based on structured rates.

Derivatives are classified in Level 2 when there is a documented stream of evidence supporting one of the following:

- fair value is predominantly derived from prices or quotations of other Level 1 and Level 2 instruments, through standard market interpolation or stripping techniques whose results are regularly corroborated by real transactions;
- fair value is derived from other standard techniques such as replication or discounted cash flows that are calibrated to observable prices, that bear limited model risk and enable an effective offset of the risks of the instrument through trading Level 1 or Level 2 instruments;
- fair value is derived from more complex or proprietary valuation techniques but is directly evidenced through regular back-testing using external market-based data.

Determining of whether an over-the-counter (OTC) derivative is eligible for Level 2 classification involves judgement. Consideration is given to the origin, transparency and reliability of external data used, and the amount of uncertainty associated with the use of models. It follows that the Level 2 classification criteria involve multiple analysis axis within an "observability zone" whose limits are determined by i) a predetermined list of product categories and ii) the underlying and maturity bands. These criteria are regularly reviewed and updated, together with the applicable additional valuation adjustments, so that the classification by level remains consistent with the valuation adjustment policy.

Level 3

Level 3 ***securities*** designated as at fair value on option or classified as available for sale comprise units of funds and unquoted equity shares.

Fair value is determined using a methodology that takes into consideration both the available external indicative prices as well as discounted expected cash flows.

The Discounted Expected Cash flow approach takes in consideration both an internal and an external independent set of hypotheses to derive expectations about the underlying cash flow payments

Fund units relate to real estate funds for which the valuation of the underlying investments is not frequent, as well as hedge funds for which the observation of the net asset value is not frequent.

Unlisted private equities are systematically classified as Level 3, with the exception of UCITS with a daily net asset value, presented as unlisted securities in note 6.b, but which are classified in the Level 1 of the fair value hierarchy.

The portfolio of available for sale financial assets classified as Level 3 contains mainly assets controlled by BNP Paribas.

Mainly long-term Repurchase agreements on corporate bonds and ABSs: The valuation of these transactions requires internal methodologies given the bespoke nature of the transactions and the lack of activity and price discovery in the long-term repo market.

Debts issued designated as at fair value on option, are classified in the same level as the one that would apply to the embedded derivative taken individually. Own credit spread is an observable input.

Derivatives

Vanilla derivatives are classified in Level 3 when the exposure is beyond the observation zone for rate curves or volatility surfaces, or relates to less liquid markets such as tranches on old credit index series or emerging markets interest rates markets.

Complex derivatives classified in Level 3 predominantly comprise hybrid products (Forex Interest Rate hybrids, Equity hybrids), credit correlation products, prepayment-sensitive products, some stock basket optional products and some interest rate optional instruments.

At 31 December 2012 and 31 December 2013, the Group had no derivative instruments in Level 3.

Table of movements in level 3 financial instruments

For level 3 financial instruments, the following movements occurred between 1 January and 31 December 2013:

In millions of euros on 31 December 2013	Financial assets			Financial liabilities	
	Financial instruments at fair value through profit or loss on option	Available-for-sale financial assets	Total	Financial instruments at fair value through profit or loss on option	Total
Start of period	**1,3**	**363,8**	**365,1**	**17,8**	**17,8**
Entry in scope	-	-	-	-	-
Purchases	-	2,8	2,8	-	-
Sales	-	(77,7)	(77,7)	-	-
Settlements	-	(0,4)	(0,4)	(14,3)	(14,3)
Transfers from Level 2	-	-	-	3,8	3,8
Others	-	(19,9)	(19,9)	-	-
Gains (or losses) recognised in profit or loss	(0,1)	(52,3)	(52,4)	0,2	0,2
Changes in fair value of assets and liabilities recognised directly in equity	-	2,1	2,1	-	-
Items related to exchange rate movements	-	(0,4)	(0,4)	-	-
Changes in fair value of assets and liabilities	-	2,5	2,5	-	-
End of period	**1,2**	**218,4**	**219,6**	**7,5**	**7,5**

Transfers have been reflected as if they had taken place at the end of the reporting period.

Losses recognised in income correspond to EUR -50.5 million in the value adjustment recorded on the participation BNP Paribas Investment Partners in 2013.

Level 3 financial instruments may be hedged by other level 1 and/or level 2 instruments, the gains and losses of which are not shown in this table. Consequently, the gains and losses shown in this table are not representative of the gains and losses arising from management of the net risk on all of these instruments.

At 31 December 2013, the “Other” caption is linked to a loss of EUR 19.9 million following the merger of two entities within international leasing, one of which was previously unconsolidated.

6.e RECLASSIFICATION OF FINANCIAL INSTRUMENTS INITIALLY ACCOUNTED FOR 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.

The Group has twice reclassified as loans and receivables assets that were initially recorded as available-for-sale assets:

- In 2009, the Group reclassified structured transactions with a net value of EUR 669.7 million;
- In 2011, the Group reclassified Portuguese debt securities with a net value of EUR 299.8 million.

The variation in the carrying value of securities reclassified in 2009 as loans and receivables is due to repayments, partially offset by the amortisation of the reclassification discount.

The variation in the carrying value of sovereign securities, reclassified in 2011 as loans and receivables is due to sales of securities and repayments partially offset by the amortisation of the reclassification discount.

The following table summarises the securities reclassified to loans and receivables:

In millions of euros		31 December 2013		31 December 2012	
	Reclassification date	Carrying value	Fair value or model	Carrying value	Fair value or model
Sovereign securities from portfolio of available-for-sale assets		179.5	213.7	170.7	204.9
of which: Portuguese sovereign securities	*30 Juni 2011*	*179.5*	*213.7*	*170.7*	*204.9*
Structured transactions and other fixed-income securities from portfolio of available-for-sale assets	*30 Juni 2009*	207.4	207.2	278.5	266.2

Without these reclassifications, equity would have been EUR 25.6 million different in 2013, compared to a difference of EUR 12.5 million currently recognised (respectively EUR 173.9 million and EUR 57.8 million for 2012). In 2012 and 2013, the reclassifications had no impact on the Group's net income.

6.f INTERBANK TRANSACTIONS, LOANS AND RECEIVABLES DUE FROM/TO CREDIT INSTITUTIONS

Loans and receivables due from credit institutions

In millions of euros	31 December 2013	31 December 2012
On demand accounts	922.8	979.1
Loans	7 453.9	8 040.2
Total loans and receivables due from credit institutions before impairments	8 376.7	9 019.3
of which: Doubtful loans	*0.8*	*21.2*
Impairments (note 3.f)	(0.6)	(0.7)
Specific impairements	*(0.6)*	*(0.7)*
Collective impairments	-	-
Total loans and receivables due from credit institutions, net of impairments	8 376.1	9 018.6

Due to credit institutions

In millions of euros	31 December 2013	31 December 2012
On demand accounts	639.9	872.1
Borrowings	9 507.6	11 277.4
Total due to credit institutions	10 147.5	12 149.5

6.g LOANS AND RECEIVABLES DUE FROM/TO CUSTOMERS

Loans and receivables due from customers

In millions of euros	31 December 2013	31 December 2012
Ordinary debitory accounts	1 283.8	1 173.3
Loans to customers	15 813.7	15 727.9
Repurchase agreements	-	2.1
Finance leases	9 531.5	11 207.6
Total loans granted and receivables due from customers before impairments	26 629.0	28 110.9
of which: Doubtful loans	*1 522.3*	*1 737.9*
Impairments (note 3.f)	(759.1)	(818.0)
Specific impairments	(614.2)	(629.3)
Collective impairments	(144.9)	(188.7)
Total loans and receivables due from customers, net of impairments	25 869.9	27 292.9

Breakdown of finance leases

In millions of euros	31 December 2013	31 December 2012
Gross investment	11 078.8	12 966.2
Receivable within 1 year	*4 013.7*	*4 740.7*
Receivable after 1 year but within 5 years	*5 803.4*	*6 810.6*
Receivable beyond 5 years	*1 261.7*	*1 414.9*
Unearned interest income	(1 547.3)	(1 758.6)
Net investment before impairments	9 531.5	11 207.6
Receivable within 1 year	*3 505.1*	*4 112.7*
Receivable after 1 year but within 5 years	*5 012.9*	*5 927.3*
Receivable beyond 5 years	*1 013.5*	*1 167.6*
Impairments	(367.6)	(444.7)
Net investment after impairments	9 163.9	10 762.9

Due to customers

In millions of euros	31 December 2013	31 December 2012
Demand deposits	16 321.3	15 578.6
Term accounts	3 018.6	3 962.3
Regulated saving accounts	104.9	180.2
Total due to customers	19 444.8	19 721.1

6.h PAST-DUE AND DOUBTFUL LOANS AND RESTRUCTURED RECEIVABLES

The tables below present the carrying amounts of financial assets that are past due but not impaired (by order of delinquency), impaired assets and related collateral or other guarantees and finally the net carrying value of restructured loans. The amounts shown in these tables are stated before any provision on a portfolio basis.

The reported amount for collateral and other guarantees received is the lower of the value of the guarantee and the value of the secured asset.

Past due but not impaired loans

In millions of euros	31 December 2013					
	< 90 days	> 90 days < 180 days	> 180 days < 1 year	> 1 year	Total	Collateral received
Loans and receivables due from credit institutions	2.4	0.2	-	-	2.6	2.3
Loans and receivables due from customers	1 418.0	47.7	13.8	4.7	1 484.2	890.9
Total past-due but not impaired loans	**1 420.4**	**47.9**	**13.8**	**4.7**	**1 486.8**	**893.2**

In millions of euros	31 December 2012					
	< 90 days	> 90 days < 180 days	> 180 days < 1 year	> 1 year	Total	Collateral received
Loans and receivables due from credit institutions	9.6	0.1	-	-	9.7	4.9
Loans and receivables due from customers	2 758.5	93.2	0.9	-	2 852.6	2 180.7
Total past-due but not impaired loans	**2 768.1**	**93.3**	**0.9**	**-**	**2 862.3**	**2 185.6**

Doubtful loans

In millions of euros	31 December 2013			
	Gross value	Impair-ments	Net	Collateral received
Loans and receivables due from credit institutions (note 6.f)	0.8	(0.6)	0.2	1.4
Loans and receivables due from customers (note 6.g)	1 522.3	(614.2)	908.1	789.9
Doubtful assets	**1 523.1**	**(614.8)**	**908.3**	**791.3**
Financing commitments given	4.6	-	4.6	0.9
Guarantee commitments given	11.0	(3.1)	7.9	3.2
Off-balance sheet doubtful commitments	**15.6**	**(3.1)**	**12.5**	**4.1**
Total	**1 538.7**	**(617.9)**	**920.8**	**795.4**

In millions of euros	31 December 2012			
	Gross value	Impair-ments	Net	Collateral received
Loans and receivables due from credit institutions (note 6.f)	21.2	(0.7)	20.5	2.2
Loans and receivables due from customers (note 6.g)	1 737.9	(629.3)	1 108.6	938.1
Doubtful assets	1 759.1	(630.0)	1 129.1	940.3
Financing commitments given	2.6	(0.1)	2.5	0.2
Guarantee commitments given	24.3	(6.5)	17.8	10.1
Off-balance sheet doubtful commitments	26.9	(6.6)	20.3	10.3
Total	1 786.0	(636.6)	1 149.4	950.6

Restructured Receivables

In millions of euros	31 December 2013
Restructured doubtful outstandings	270.9
Impairments and discount on restructured doubtful outstandings	(41.7)
Restructured doubtful outstandings - Net amount	**229.2**
Restructured healthy outstandings	63.2
Restructured loans and receivables (excluding repurchase agreements)	292.4
Off balance sheet commitments	2.5
Total	294.9

This table covers the main entities of the Group (BGL BNP Paribas S.A., BNP Paribas Lease Group S.A., Fortis Lease France S.A. and SADE).

6.i DEBT SECURITIES AND SUBORDINATED DEBTS

This note covers all debt securities and subordinated debts measured at amortised cost and at fair value through profit or loss.

Debts measured at fair value though profit and loss (note 6.a)

In millions of euros	31 December 2013	31 December 2012
Debt with a maturity of more than 1 year on issue		
Negociable debt securities	459.4	694.8
Bond issues	73.4	72.5
Debt securities	532.8	767.3
Redeemable subordinated debt	109.0	110.0
Subordinated debt	109.0	110.0

Debts measured at amortised cost

In millions of euros	31 December 2013	31 December 2012
Debt with a maturity of less than 1 year on issue		
Negociable debt securities	816.9	1.823.4
Debt with a maturity of more than 1 year on issue		
Negociable debt securities	607.4	672.3
Bond issues	97.8	148.2
Total debt securities	1 522.1	2 643.9
Perpetual subordinated debt	2.2	2.6
Total subordinated debt	2.2	2.6

Bond issus and perpetual subordinated debt represent loans taken by SREI Equipment Finance Private Ltd.

6.j HELD-TO-MATURITY FINANCIAL ASSETS

In millions of euros	31 December 2013	31 December 2012
Bonds	**370.1**	**509.2**
Government bonds	159.0	204.8
Other bonds	211.1	304.4
Total held-to-maturity financial assets	370.1	509.2

At 31 December 2013 as at 31 December 2012, no impairment was recognised.

6.k CURRENT AND DEFERRED TAXES

In millions of euros	31 December 2013	31 December 2012*
Current taxes	132.7	64.0
Deferred taxes	177.9	122.3
Current and deferred tax assets	310.6	186.3
Current taxes	218.1	112.4
Deferred taxes	468.9	468.8
Current and deferred tax liabilities	687.0	581.2

Changes in deferred taxes over the period

In millions of euros	2013	2012
Net deferred taxes at start of period	(346.5)	(96.2)
Deferred tax income	67.5	58.4
Changes in deferred taxes linked to remeasurement and reversal through profit or loss of available-for-sale financial assets including those reclassified as loans and receivables	(4.7)	(103.3)
Changes in deferred taxes linked to remeasurement and reversal through or loss on hedging derivatives	0.2	(5.9)
Changes in deferred taxes linked to items recognised directly in equity that may not be reclassified to profit and loss	(0.2)	1.3
Entry in scope of consolidation	-	(217.2)
Non-current assets held for sale	2.2	-
Effect of exchange rate and other movements	(9.5)	16.4
Net deferred taxes at end of period	(291.0)	(346.5)

Breakdown of deferred tax assets and liabilities by origin

In millions of euros	31 December 2013	31 December 2012*
Available-for-sale financial assets	(51,1)	(53,7)
Finance leases	(235,1)	(270,7)
Provisions for employee benefit obligations	21,2	15,4
Provisions for credit risk	79,8	43,3
Earnings on capital gains to be immunized according to art. 54 LIR	(43,7)	(41,6)
Property, plant, equipment and intangible assets	(44,8)	(39,7)
AGDL provisions	(35,3)	(35,3)
Receivables and debts due to customers	(4,0)	7,5
Credit institutions and treasury	(0,1)	0,7
Financial assets at fair value through profit or loss	4,9	6,0
Other items	(2,5)	(4,7)
Tax loss carryforwards	19,7	26,3
Net deferred taxes	(291,0)	(346,5)
of which: Deferred tax assets	*177,9*	*122,3*
Deferred tax liabilities	*(468,9)*	*(468,8)*

** Restated according to the amendment to IAS 19 (see notes 1.a and 2).*

6.l ACCRUED INCOME/EXPENSE AND OTHER ASSETS/LIABILITIES

In millions of euros	31 December 2013	31 December 2012*
Settlement accounts related to securities transactions	15.7	12.9
Collection accounts	34.9	41.7
Accrued income and prepaid expenses	76.0	87.2
Guarantee deposits paid and bank guarantees issued	21.0	14.7
Other debtors and miscellaneous assets	557.1	475.3
Total accrued income and other assets	**704.7**	**631.8**
Guarantee deposits received	23.1	23.1
Settlement accounts related to securities transactions	2.5	5.5
Collection accounts	43.5	51.6
Accrued expenses and deferred income	320.8	253.6
Other creditors and miscellaneous liabilities	779.1	628.5
Total accrued expenses and other liabilities	**1 169.0**	**962.3**

6.m INVESTMENTS IN ASSOCIATES

The Group's main investments in associates, accounted for using the equity method, on 31 December 2013 concern the following companies:

In millions of euros	31 December 2013	31 December 2012*
Cardif Lux Vie S.A.	80.0	75.1
BNP Paribas Leasing Solutions		
All In One Vermietung GmbH	4.9	6.0
All In One Vermietungsgesellschaft für Telekommunikationsanlagen mbH	(0.5)	0.3
Heffiq Heftruck Verhuur B.V.	2.3	2.0
BNP Paribas Lease Group IFN S.A.	7.9	6.0
BNP Paribas Lease Group Lizing RT	1.8	2.8
BNP Paribas Lease Group Sp.z o.o.	6.2	7.2
BNP Paribas Leasing Solutions Immobilier Suisse S.A.	1.3	7.4
BNP Paribas Leasing Solutions SpA	65.5	70.7
BNP Paribas Leasing Solutions Suisse S.A.	19.6	35.7
Fortis Lease Deutschland GmbH	15.6	22.4
Fortis Lease Iberia S.A.	(2.8)	(11.4)
Fortis Lease Operativ Lizing Zartkoruen Mukodo Reszvenytarsasag	(0.7)	0.3
Fortis Lease Portugal S.A.	6.7	7.4
Fortis Lease Romania IFN S.A.	(1.7)	(6.8)
Locatrice Italiana SpA	0.5	0.7
Nissan Finance Belgium N.V.	-	1.0
Vela Lease S.R.L.	-	-
Investments in associates	**206.6**	**226.8**

** Restated according to the amendment to IAS 19 (see notes 1.a and 2).*

The following table gives financial data for the Group's main associates as at 31 December 2013:

In millions of euros	31 December 2013		
	Balance Sheet Total	Revenues	Net income
Cardif Lux Vie S.A.	16 113.9	90.7	35.4
BNP Paribas Leasing Solutions			
All In One Vermietung GmbH	33.8	1.5	0.6
All In One Vermietungsgesellschaft für Telekommunikationsanlagen mbH	14.7	1.3	0.6
BNP Paribas Lease Group IFN S.A.	92.0	6.7	4.0
BNP Paribas Lease Group Lizing RT	34.1	3.1	0.7
BNP Paribas Lease Group Sp.z o.o.	138.6	6.1	2.5
BNP Paribas Leasing Solutions Immobilier Suisse S.A.	10.7	0.3	0.3
BNP Paribas Leasing Solutions SpA	5 038.7	89.7	(41.3)
BNP Paribas Leasing Solutions Suisse S.A.	114.5	6.5	6.9
Fortis Lease Deutschland GmbH	52.7	1.6	2.0
Fortis Lease Iberia S.A.	120.7	1.6	(3.8)
Fortis Lease Operativ Lizing Zartkoruen Mukodo Reszvenytarsasag	(0.5)	-	(1.0)
Fortis Lease Portugal S.A.	79.3	0.4	(0.6)
Fortis Lease Romania IFN S.A.	21.0	0.2	(0.9)
Locatrice Italiana SpA	90.7	3.1	(0.6)
Vela Lease S.R.L.	143.7	0.1	-

The following table gives financial data for the Group's main associates as at 31 December 2012:

In millions of euros	31 December 2012*		
	Balance Sheet Total	Revenues	Net income
Cardif Lux Vie S.A.	14 814.2	77.4	28.0
BNP Paribas Leasing Solutions			
All In One Vermietung GmbH	34.2	1.0	0.2
All In One Vermietungsgesellschaft für Telekommunikationsanlagen mbH	20.2	1.7	1.4
BNP Paribas Lease Group IFN S.A.	88.5	5.4	2.8
BNP Paribas Lease Group Lizing RT	71.9	4.4	1.0
BNP Paribas Lease Group Sp.z o.o.	142.2	6.7	2.9
BNP Paribas Leasing Solutions Immobilier Suisse S.A.	41.3	1.1	0.3
BNP Paribas Leasing Solutions SpA	5 356.6	94.4	(15.9)
BNP Paribas Leasing Solutions Suisse S.A.	245.5	8.4	10.7
Fortis Lease Deutschland GmbH	76.9	2.9	8.5
Fortis Lease Iberia S.A.	158.0	(0.2)	(8.9)
Fortis Lease Operativ Lizing Zartkoruen Mukodo Reszvenytarsasag	0.5	-	(7.2)
Fortis Lease Portugal S.A.	92.8	1.2	(7.9)
Fortis Lease Romania IFN S.A.	23.8	0.3	1.1
Locatrice Italiana SpA	82.3	2.2	(0.1)
Nissan Finance Belgium N.V.	109.1	1.9	0.7
Vela Lease S.R.L.	195.0	0.1	-

** Restated according to the amendment to IAS 19 (see notes 1.a and 2).*

6.n PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

In millions of euros	31 December 2013			31 December 2012		
	Gross value	Accumulated depreciation and amortisation	Carrying value	Gross value	Accumulated depreciation and amortisation	Carrying value
Investment property	478.2	(142.7)	335.5	595.9	(127.2)	468.7
Land and buildings	322.3	(121.9)	200.4	396.7	(168.9)	227.8
Equipment, furniture and fixtures	209.7	(180.7)	29.0	345.0	(292.0)	53.0
Plant and equipment leased as lessor under operating leases	731.3	(340.5)	390.8	728.0	(325.4)	402.6
Other property, plant and equipment	94.6	(56.8)	37.8	73.1	(55.2)	17.9
Property, plant and equipment	1 357.9	(699.9)	658.0	1 542.8	(841.5)	701.3
Purchased software	137.5	(123.8)	13.7	134.9	(124.6)	10.3
Internally developped software	1.8	(1.8)	-	1.8	(1.8)	-
Other intangible assets	8.7	(2.8)	5.9	5.6	(2.8)	2.8
Intangible assets	148.0	(128.4)	19.6	142.3	(129.2)	13.1

Investment property

Investment property includes residential and commercial buildings, as well as mixed-usage buildings.

The estimated fair value of investment properties carried at amortised cost amounted to EUR 360.9 million at 31 December 2013 compared with EUR 471.3 million at 31 December 2012

Most investment properties are periodically assessed by an independent expert. The evaluation is based primarily on:

- Indications in the market based on unit prices of similar properties. In this case, account is taken of all the parameters available at the valuation date (location, market conditions, nature of the construction, maintenance status, assignment, etc.).
- The capitalization of the estimated rental value.

Operating leases

Operating leases and investment property transactions are in certain cases subject to agreements providing for the following minimum future payments:

In millions of euros	31 December 2013	31 December 2012
Payments receivable within 1 year	167.4	184.1
Payments receivable after 1 year but within 5 years	399.4	439.5
Payments receivable beyond 5 years	74.6	78.7
Future minimum lease payments receivable under non-cancellable leases	641.4	702.3

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

Intangible assets

Other intangible assets comprise leasehold rights, goodwill and trademarks required by the Group.

Depreciation, amortisation and impairment

Net depreciation and amortisation expense booked in fiscal 2013 amounts to EUR 29.6 million versus EUR 31.3 million in 2012.

The net increase in the impairment losses on property, plant, equipment and intangible assets taken to the profit and loss statement is virtually nil for 2013 as it was in 2012.

Change in investment properties

In millions of euros	2013	2012
Gross value at start of period	595.9	44.3
Acquisitions	0.8	8.9
Disposals	(19.1)	(117.2)
Reclassification	(41.3)	5.1
Reclassifications to assets held for sale	(87.1)	-
Entry in scope of consolidation	-	659.0
Other movements	29.0	(4.2)
Gross value at end of period	478.2	595.9
Depreciation and amortisation at period start	(127.2)	(24.9)
Amortisation charges	(24.4)	(42.5)
Amortisation reversal after divestments	8.9	31.6
Depreciations	(11.0)	(18.6)
Depreciation reversals	4.3	5.9
Reclassifications	20.6	(2.1)
Reclassification of assets held for sale	15.1	-
Entry in scope of consolidation	-	(80.8)
Other movements	(29.0)	4.2
Depreciation and amortisation at end of period	(142.7)	(127.2)
Carrying value at end of period	335.5	468.7

Change in tangible assets

In millions of euros				2013
	Lands and buildings	Equipment, furniture and fixtures	Plant and equipment leased as lessor under operating leases	Other fixed assets
Gross value at start of period	396.7	345.0	728.0	73.1
Acquisitions	14.7	8.2	104.6	28.3
Disposals	(10.8)	(74.4)	(80.0)	(7.0)
Reclassifications	(14.8)	-	-	0.2
Reclassifications to assets held for sale	(63.5)	(68.7)	-	-
Currency translation adjustments	-	(0.4)	(21.3)	-
Gross book value at period end	322.3	209.7	731.3	94.6
Depreciation and amortisation at period start	(168.9)	(292.0)	(325.4)	(55.2)
Amortisation charges	(9.5)	(12.8)	(83.7)	(2.3)
Reversal of amortisation after disposals	(0.2)	65.3	63.8	0.7
Depreciations	-	-	(1.0)	-
Depreciation reversals	-	-	0.9	-
Reclassifications	14.6	-	-	-
Reclassifications to assets held for sale	42.1	58.6	-	-
Currency translation adjustments	-	0.2	7.8	-
Other movements	-	-	(2.9)	-
Depreciation and amortisation at end of period	(121.9)	(180.7)	(340.5)	(56.8)
Carrying value at end of period	200.4	29.0	390.8	37.8

In millions of euros				2012
	Lands and buildings	Equipment, furniture and fixtures	Plant and equipment leased as lessor under operating leases	Other fixed assets
Gross value at start of period	357.7	295.1	-	48.7
Acquisitions	2.7	7.9	88.5	12.0
Disposals	-	(13.9)	(58.9)	(3.1)
Entry in scope of consolidation	34.3	56.2	702.7	13.1
Currency translation adjustments	-	(0.1)	(4.3)	-
Other movements	2.0	(0.2)	-	2.4
Gross book value at period end	396.7	345.0	728.0	73.1
Depreciation and amortisation at period start	(141.6)	(243.5)	-	(42.0)
Depreciation charges	(9.6)	(14.3)	(64.2)	(2.3)
Depreciation reversal after divestments	-	13.7	51.5	0.6
Depreciation reversals	0.1	-	0.2	-
Entry in scope of consolidation	(17.4)	(46.7)	(314.1)	(10.5)
Currency translation adjustments	-	-	1.2	-
Other movements	(0.4)	(1.2)	-	(1.0)
Depreciation and amortisation at end of period	(168.9)	(292.0)	(325.4)	(55.2)
Carrying value at end of period	227.8	53.0	402.6	17.9

6.o GOODWILL

In millions of euros	2013	2012
Carrying value at period start	145.3	-
Currency translation adjustments	(11.7)	(3.7)
Subsidiaries previously recognised as associates	-	149.0
Carrying value at end of period	133.6	145.3
of which: Gross value	*146.5*	*158.2*
Accumulated impairments recognised at the end of period	*(12.9)*	*(12.9)*

Goodwill is exclusively related to the integration of leasing activities under the business combination method of common control. It is therefore equivalent to the goodwill previously recognised by the BNP Paribas Group in these companies.

Goodwill impairment tests are based on three different methods: Observation of transactions related to comparable businesses, share price data for listed companies with comparable businesses and discounted future cash flows (DCF).

If one of the two comparables-based methods indicates the need for impairment, the DCF method is used to validate the results and determine the amount of impairment required.

The DCF method is based on a number of assumptions in terms of future revenues, expenses and cost of risk (cash flows) based on medium-term business plans over a period of five years. Cash flow projections beyond the 5-year forecast period are based on a growth rate to perpetuity and are normalised when the short-term environment does not reflect the normal conditions of the economic cycle. Until 31 December 2012, the cash flow assumptions were based on medium-term business plans for the first three years, extrapolated over a sustainable growth period of ten years, and then to perpetuity.

The key parameters which are sensitive to the assumptions made are the cost/income ratio, the cost of capital and the growth rate to perpetuity.

Cost of capital is determined on the basis of a risk-free rate, an observed market risk premium weighted by a risk factor based on comparables specific to each homogeneous group of businesses. The values of these parameters are obtained from external information sources. Allocated capital is determined for each homogeneous group of businesses based on the Core Tier One regulatory requirements for the legal entity to which the homogeneous group of businesses belongs, with a minimum of 7%.

The growth rate to perpetuity used is 2% for mature economies.

The following table shows the sensitivity of the valuations of the cash generating unit Tresury Leasing Solutions, to changes in the value of parameters used in the DCF calculation: The cost of capital, cost/income ratio, and the growth rate to perpetuity.

Sensitivity of the main goodwill valuations to a 10-basis point change in the cost of capital, a 1% point change in the cost/income ratio and a 50-basis point change in the growth rate to perpetuity

In millions of euros on 31 December 2013	UGT Leasing Solutions
Cost of capital	**8.8%**
Adverse change (+10 basis points)	(39.6)
Positive change(-10 basis points)	40.8
Cost/income ratio [1)]	**47.2%**
Adverse change (+1%)	(61.1)
Positive change (-1%)	61.1
Growth rate to perpetuity	**2.0%**
Adverse change (-50 basis points)	(92.2)
Positive change (+50 basis points)	106.6

[1)] *As from 2016*

Even when retaining for the impairment test, the three worst changes in the table, there would be no need to depreciate the goodwill of the UGT Leasing Solutions.

6.p NON-CURRENT ASSETS HELD FOR SALE

At 31 December 2013 and pursuant to IFRS 5, two operating properties owned by the Group have been reclassified at a net value of EUR 33.1 million in non-current assets held for sale.

6.q PROVISIONS FOR CONTINGENCIES AND CHARGES

Changes in provisions by type

In millions of euros	31 December 2012*	Net additions to provisions	Provisions used	Movements in exchange rates and other	31 December 2013
Provisions for employee benefits	92.0	41.9	(8.9)	0.9	125.9
provisions for defined-benefit pension plan (note 8.b)	53.3	(4.1)	-	0.9	50.1
provisions for unindexed deferred bonus cash (note 8.c)	0.5	0.7	-	0.3	1.5
provision for other long-term benefits (note 8.c)	23.6	1.8	-	(0.3)	25.1
provision for early retirement plans and headcount adaptation plan (note 8.d)	14.6	43.5	(8.9)	-	49.2
Provisions for off-balance sheet commitments (note 3.f)	10.4	(3.6)	-	-	6.8
Provisions for tax litigations and staff-related litigations	5.7	(0.7)	(0.7)	-	4.3
Provisions for commercial litigations	24.8	(1.4)	(0.1)	-	23.3
Provisions for restructuring	2.7	1.0	(1.4)	(0.4)	1.9
Provisions on investment securities	27.3	1.7	-	-	29.0
Provisions for operational risk on buildings under operating leases	27.7	(1.4)	-	(0.1)	26.2
Other provisions for contingencies and charges	25.0	4.9	(4.2)	(1.9)	23.8
Total provisions for contingencies and charges	**215.6**	**42.4**	**(15.3)**	**(1.5)**	**241.2**

** Restated according to the amendment to IAS 19 (see notes 1.a and 2).*

A.R. Penck (*1939) - *Spiel-Schwarz*, 1990 - Acrylic

6.r OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The following tables present the amounts of financial assets and liabilities before and after offsetting. This information, required by the amendment to IFRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) applicable as of 1st January 2013, aims to enable the comparability with the accounting treatment applicable in accordance with generally accepted accounting principles in the United States (US GAAP), which are less restrictive than IAS 32 as regards offsetting.

"Amounts set off on the balance sheet" have been determined according to IAS 32. Thus, a financial asset and a financial liability are offset and the net amount presented on the balance sheet when and only when, the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Amounts set off derive mainly from repurchase agreements and derivative instruments traded with clearing houses.

The "impacts of master netting agreements and similar agreements" are relative to outstanding amounts of transactions within an enforceable agreement, which do not meet the offsetting criteria defined by IAS 32. This is the case of transactions for which offsetting can only be performed in case of default, insolvency or bankruptcy of one of the contracting parties.

"Financial instruments given or received as collateral" include guarantee deposits and securities collateral recognised at fair value. These guarantees can only be exercised in case of default, insolvency or bankruptcy of one of the contracting parties.

Regarding master netting agreements, the guarantee deposits received or given in compensation for the positive or negative fair values of financial instruments are recognised in the balance sheet in accrued income or expenses and other assets or liabilities.

In millions of euros at 31 December 2013	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements and similar agreements	Financial instruments received as collateral	Net amounts
Assets						
Cash and amounts due from central banks	306.9	-	306.9	-	-	306.9
Financial instruments at fair value through profit or loss						
Trading securities portfolio	156.3	-	156.3	-	-	156.3
Loans and repurchase agreements	26.3	-	26.3	8.6	17.0	0.7
Instruments designated as at fair value through profit or loss on option	127.4	-	127.4	-	-	127.4
Derivatives (including derivatives used for hedging purposes)	202.0	15.0	187.0	54.1	7.3	125.6
Loans and receivables due from credit institutions and customers	35 115.8	869.8	34 246.0	-	-	34 246.0
Accrued income and other assets	704.7	-	704.7	-	-	704.7
of which: Guarantee deposits given	*21.0*	-	*21.0*	-	-	*21.0*
Other assets not subject to offsetting	5 393.6	-	5 393.6	-	-	5 393.6
Total assets	**42 033.0**	**884.8**	**41 148.2**	**62.7**	**24.3**	**41 061.2**

In millions of euros at 31 December 2013	Gross amounts of financial liabilities	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements and similar agreements	Financial instruments given as collateral	Net amounts
Liabilities						
Central Banks	-	-	-	-	-	-
Financial instruments at fair value through profit or loss						
Trading securities porfolio	25.6	-	25.6	-	-	25.6
Borrowings and repurchase agreeements	132.7	-	132.7	8.6	123.9	0.2
Instruments designated at fair value on option	641.8	-	641.8	-	-	641.8
Derivatives (including derivatives used for hedging purposes)	124.5	15.0	109.5	54.1	10.9	44.5
Due to credit institutions and customers	30 462.1	869.8	29 592.3	-	-	29 592.3
Accrued expenses and other liabilities	1 169.0	-	1 169.0	-	-	1 169.0
of which: Guarantee deposits received	*23.1*	-	*23.1*	-	-	*23.1*
Other liabilities not subject to offsetting	2 502.3	-	2 502.3	-	-	2 502.3
Total liabilities	**35 058.0**	**884.8**	**34 173.2**	**62.7**	**134.8**	**33 975.7**

In millions of euros at 31 December 2012	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements and similar agreements	Financial instruments received as collateral	Net amount
Assets						
Cash and amounts due from central banks	1 335.1	-	1 335.1	-	-	1 335.1
Financial instruments at fair value through profit or loss						
Trading securities portfolio	191.7	-	191.7	-	-	191.7
Loans and repurchase agreemnets	10.0	-	10.0	-	9.4	0.6
Instruments designated as at fair value on option	213.0	-	213.0	-	-	213.0
Derivatives (including derivatives used for hedging purposes)	283.3	15.0	268.3	105.0	22.0	141.3
Loans and receivables due from credit institutions and from customers	37 523.1	1 211.6	36 311.5	-	-	36 311.5
Accrued income and other assets	631.8	-	631.8	-	-	631.8
of which: Guarantee deposits given	*14.7*	-	*14.7*	-	-	*14.7*
Other assets not subject to offsetting	5 475.5	-	5 475.5	-	-	5 475.5
Total assets	**45 663.5**	**1 226.6**	**44 436.9**	**105.0**	**31.4**	**44 300.5**

In millions of euros at 31 December 2012	Gross amounts of financial liabilities	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements and similar agreements	Financial instruments given as collateral	Net amount
Liabilities						
Central Banks	-	-	-	-	-	-
Financial instruments at fair value through profit or loss						
Trading securities	7.0	-	7.0	-	-	7.0
Borrowings and repurchase agreeements	156.5	-	156.5	-	156.5	-
Instruments designated at fair value on option	877.3	-	877.3	-	-	877.3
Derivatives (including derivatives used for hedging purposes)	249.8	15.0	234.8	105.0	19.1	110.7
Due to credit institutions and to customers	33 082.2	1 211.6	31 870.6	-	-	31 870.6
Accrued expense and other liabilities	962.3	-	962.3	-	-	962.3
of which: Guarantee deposits received	*23.1*	-	*23.1*	-	-	*23.1*
Other liabilities not subject to offsetting	3 523.9	-	3 523.9	-	-	3 523.9
Total liabilities	**38 859.0**	**1 226.6**	**37 632.4**	**105.0**	**175.6**	**37 351.8**

6.s TRANSFER OF FINANCIAL ASSETS

In 2013, the financial assets that the Group transferred but continues to account for fully consist exclusively of securities at fair value through profit and loss, temporarily sold under a repurchase agreement for an amount of EUR 145.1 million (EUR 159.1 million in 2012). The related liabilities consist of debts recognised as repurchase agreements and amounted to EUR 132.7 million (EUR 156.5 million in 2012).

In 2012 and 2013 the Group made no significant transfers leading to the partial or full derecognition of financial assets, where it has a continuing involvement in those assets.

6.t SHARE CAPITAL AND ADDITIONAL PAID-IN CAPITAL

On 31 December 2013 and at 31 December 2012, the share capital and additional paid-in capital amounted to EUR 713.1 million, represented by 27,979,135 shares. On 31 December 2013 and 31 December 2012, BGL BNP Paribas did not hold any own equity instruments.

On 31 December 2013, the additional paid-in capital was equal to EUR 2,761.8 million, (EUR 2,761.8 million on 31 December 2012).

7. FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS

7.a FINANCING COMMITMENTS GIVEN OR RECEIVED

Contractual value of financing commitments given and received by the Group:

In millions of euros	31 December 2013	31 December 2012
Financing commitments given		
- to credit institutions	**46.3**	**31.2**
- to customers	**3 019.7**	**3 323.4**
Confirmed letters of credit	2 972.4	3 276.6
Other commitments given to customers	47.3	46.8
Total financing commitments given	3 066.0	3 354.6
Financing commitments received		
from the Central Bank of Luxembourg	2 246.7	2 186.7
from credit institutions	305.2	379.3
Total financing commitments received	2 551.9	2 566.0

7.b GUARANTEE COMMITMENTS GIVEN BY SIGNATURE

In millions of euros	31 December 2013	31 December 2012
Guarantee commitments given:		
to credit institutions	350.3	311.7
to customers	1 028.2	1 077.1
Total guarantee commitments given	1 378.5	1 388.8

7.c OTHER GUARANTEE COMMITMENTS

Financial instruments given as collateral

In millions of euros	31 December 2013	31 December 2012
Financial instruments (negotiable securities and private receivables) lodged with central banks and eligible for use at any time as collateral for refinancing transactions after haircut	**2 246.7**	**2 430.0**
used as collateral with central banks	-	-
available for refinancing transactions	2 246.7	2 430.0
Securities sold under repurchase agreements	**140.9**	**160.1**
Other financial assets pledged as collateral for transactions with credit institutions et financial customers	**126.3**	**301.7**

Financial instruments given as collateral by the Group that the beneficiary is authorised to sell or reuse as collateral amounted to EUR 151.8 million at 31 December 2013 (EUR 179.2 million at 31 December 2012).

Financial instruments received as collateral

In millions of euros	31 December 2013	31 December 2012
Financial instruments received as collateral (excluding repurchase agreements)	**1 151.2**	**1 017.6**
of which: Instruments that the Group is authorised to sell and reuse as collateral	-	-
Securities received under repurchase agreements	**25.4**	**9.4**

8. SALARIES AND EMPLOYEE BENEFITS

8.a STAFF COSTS

In millions of euros	31 December 2013	31 December 2012*
Fixed and variable remuneration, incentive bonuses and profit-sharing	(353.5)	(323.3)
Retirement bonuses, pension costs and social security taxes	(121.0)	(60.8)
Payroll taxes	(4.2)	(3.1)
Total staff costs	(478.7)	(387.2)

** Restated according to the amendment to IAS 19 (see notes 1.a and 2).*

The retirement benefits include a provision of EUR 41.4 million related to a plan for early retirement on a voluntary basis established by the Bank as at 31 December 2013.

8.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/or the employer 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.

Defined-contribution pension plans the Group

The Group contributes to various nationwide schemes and supplementary retirement plans, outsourced with several pension funds. By means of a company agreement, BGL BNP Paribas S.A. has set up a funded pension plan. As such, upon retirement, employees will receive an amount that is added to the pension provided by the national schemes.

As the defined-benefit plans were closed to new employees several years ago, the latter have access to defined contribution pension plans. As part of these plans, the company's commitment is primarily to pay a percentage of the beneficiary's annual salary to the pension plan.

The amounts paid to the defined contribution schemes are in the area of EUR 5.0 million for 2013 versus EUR 4.2 million for 2012.

Defined-benefit pension plans for Group entities

The remaining 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 determine the present value of these obligations and of plan assets take into account economic conditions specific to each country and Group company.

For all of the plans involved, un-covered commitments are carried in the balance sheet.

Commitments relating to defined benefit plans

Assets and liabilities recognised on the balance sheet

In millions of euros	Present value of the obligations arising from wholly or partially funded plans	Present value of non-financed obligations	Present value of the obligations	Fair value of plan assets	Fair value of reimbursement rights	Net obligation	of which asset recognised in the balance sheet for defined benefit plans	of which net assets of defined-benefit plans	of which fair value of reimbursement rights	of which obligation recognised in the balance sheet for defined-benefit plans
At 31 December 2013										
France	18.0	0.6	18.6	(13.4)	-	5.2	-	-	-	5.2
Luxembourg	107.4	4.3	111.7	(77.8)	(1.0)	32.9	(1.0)	-	(1.0)	33.9
United Kingdom	82.1	-	82.1	(86.1)	-	(4.0)	(4.0)	(4.0)	-	-
Others	18.7	-	18.7	(7.7)	(2.4)	8.6	(2.4)	-	(2.4)	11.0
Total	**226.2**	**4.9**	**231.1**	**(185.0)**	**(3.4)**	**42.7**	**(7.4)**	**(4.0)**	**(3.4)**	**50.1**
At 31 December 2012 *										
France	23.1	0.6	23.7	(18.1)	-	5.6	-	-	-	5.6
Luxembourg	107.9	4.8	112.7	(76.4)	(1.0)	35.3	(1.0)	-	(1.0)	36.3
United Kingdom	80.0	-	80.0	(83.3)	-	(3.3)	(4.4)	(4.4)	-	1.1
Others	18.3	0.5	18.8	(8.5)	(3.7)	6.6	(3.7)	-	(3.7)	10.3
Total	**229.3**	**5.9**	**235.2**	**(186.3)**	**(4.7)**	**44.2**	**(9.1)**	**(4.4)**	**(4.7)**	**53.3**

** Restated according to the amendment to IAS 19 (see notes 1.a and 2).*

Change in the present value of obligations

In millions of euros	31 December 2013	31 December 2012*
Present value of obligations at start of period	235.2	93.4
Current service cost	7.1	6.2
Interest cost	6.5	7.3
Past service cost	-	(0.7)
Settlements	-	(6.0)
Actuarial losses (gains) on change in demographic assumptions	0.7	8.6
Actuarial losses (gains) on change in financial assumptions	0.6	10.9
Actuarial losses (gains) on experience gaps	(0.2)	(7.1)
Actual employee contributions	0.1	0.1
Benefits paid directly by employer	(0.9)	(0.9)
Benefits paid from assets/reimbursement rights	(8.4)	(8.9)
Change in exchange rates	(1.8)	2.0
Change in scope of consolidation	-	130.3
Other changes	(7.8)	-
Present value of obligations at end of period	231.1	235.2

Change in the fair value of plan assets

In millions of euros	31 December 2013	31 December 2012*
Fair value of plan assets at start of period	186.3	71.4
Interest income on assets	5.5	5.9
Settlements	-	(8.8)
Actuarial gains over the period	2.3	7.2
Employer contributions	7.5	7.4
Benefits paid from plan assets	(7.6)	(8.8)
Change in exchange rates	(2.0)	1.9
Change in scope of consolidation	-	110.1
Other changes	(7.0)	-
Fair value of plan assets at end of period	185.0	186.3

** Restated according to the amendment to IAS 19 (see notes 1.a and 2).*

Change in the fair value of reimbursement rights

In millions of euros	31 December 2013	31 December 2012*
Fair value of reimbursement rights at beginning of period	4.7	1.0
Interest income on assets	0.1	0.1
BGL BNP Paribas contributions	0.3	0.3
Benefits paid from reimbursement rights	(0.7)	(0.1)
Change in scope of consolidation	-	3.4
Other changes	(1.0)	-
Fair value of reimbursement rights at end of period	3.4	4.7

Components of the cost of defined benefit plans

In millions of euros	2013	2012*
Service costs	**7.1**	**11.8**
Current service cost	7.1	6.2
Past service cost	-	(0.7)
Settlements	-	6.3
Net financial expense	**0.9**	**1.3**
Cost for actualisation of the present value of the obligations	6.5	7.3
Interest income on plan assets	(5.5)	(5.9)
Interest income on reimbursement rights	(0.1)	(0.1)
Return on asset ceiling	-	-
Total recorded in "Staff costs"	8.0	13.1

Other items recognised directly in equity

In millions of euros	2013	2012*
Other items recognised directly in equity	**1.2**	**(5.2)**
Actuarial (losses)/gains on plan assets or reimbursement rights	2.3	7.2
Actuarial (losses)/gains of demographic assumptions on the present value of obligations	(0.7)	(8.6)
Actuarial (losses)/gains of financial assumptions on the present value of obligations	(0.6)	(10.9)
Experience (losses)/gains on obligations	0.2	7.1

** Restated according to the amendment to IAS 19 (see notes 1.a and 2).*

Principal actuarial assumptions used to calculate post-employment benefit obligations

In the Eurozone, United Kingdom and United States, the Group discounts its obligations using the yields of high quality corporate bonds, with a term consistent with the duration of the obligations.

The rates used are as follows:

In percentage	31 December 2013		31 December 2012	
	Discount rate	Rate of compensation increase [1]	Discount rate	Rate of compensation increase [1]
France	2.09% - 3.17%	2.30% - 3.30%	1.42% - 2.69%	2.60% - 3.60%
Luxembourg	2.30% - 3.00%	3.90%	2.03% - 2.69%	3.90%
United Kingdom	4.30%	3.10%	4.00%	2.75%

[1] *Including price increases (inflation)*

The impact of a 100bp change in discount rates on the present value of post-employment benefit obligations is as follows:

In millions of euros	31 December 2013		31 December 2012	
	Discount rate -100pb	Discount rate +100pb	Discount rate -100pb	Discount rate +100pb
France	2.0	(1.9)	2.7	(2.7)
Luxembourg	10.5	(10.1)	12.0	(10.3)
United Kingdom	16.5	(15.4)	18.9	(14.3)

Actual rate of return on plan assets and reimbursement rights over the period

In percentage [1]	31 December 2013	31 December 2012
France	3.70%	3.70%
Luxembourg	3.16% - 9.37%	1.74% - 13.73%
United Kingdom	-0.84% - 7.45%	3.51% - 6.13%

[1] *Range of value, reflecting the existence of several plans in the same country.*

Breakdown of plan assets

In percentage						31 December 2013
	Share	Government bonds	Non-government bonds	Real-estate	Deposit accounts	Others
France	7%	62%	22%	9%	0%	0%
Luxembourg	11%	35%	32%	0%	4%	18%
United Kingdom	29%	65%	3%	3%	0%	0%
Others	0%	0%	0%	0%	0%	100%
Total	**18%**	**49%**	**16%**	**2%**	**2%**	**13%**

In percentage						31 December 2012
	Share	Government bonds	Non-government bonds	Real-estate	Deposit accounts	Others
France	7%	61%	22%	10%	0%	0%
Luxembourg	14%	50%	18%	0%	1%	17%
United Kingdom	24%	73%	0%	3%	0%	0%
Others	2%	0%	2%	0%	0%	96%
Total	**17%**	**58%**	**9%**	**2%**	**1%**	**13%**

The Group introduced an asset management governance for assets backing defined-benefit pension plan commitments, the main objectives of which are the management and control of the risks in term of investment.

It sets out investment principles, in particular, by defining an investment strategy for plan assets, based on financial objectives and financial risk management, to specify the way in which plan assets have to be managed, via financial management servicing contracts.

The investment strategy is based on an asset and liability management analysis that should be realised at least on an annual basis for plans with assets in excess of EUR 100 million and every three years for plans with assets of between EUR 20 and EUR 100 million.

8.c OTHER LONG-TERM BENEFITS

The Group offers its employees various long-term benefits, mainly long-service awards and the ability to save up paid annual leave in time savings accounts.

On 31 December 2013, the provisions existing within the Group relative to other long-term benefits amount to EUR 26.6 million (EUR 24.1 million on 31 December 2012).

8.d TERMINATION BENEFITS

The Group has implemented a number of voluntary redundancy plans for employees who meet certain eligibility criteria. The expenses related to voluntary redundancy plans are provisioned relative to the eligible working employees.

On 31 December 2013, the provisions existing within the Group relative to the voluntary redundancy and early retirement plans amounted to EUR 49.2 million (EUR 14.6 million on 31 December 2012). This increase is mainly due to the introduction of a voluntary early retirement plan. This plan has led the Bank to record a provision amounting to EUR 41.4 million.

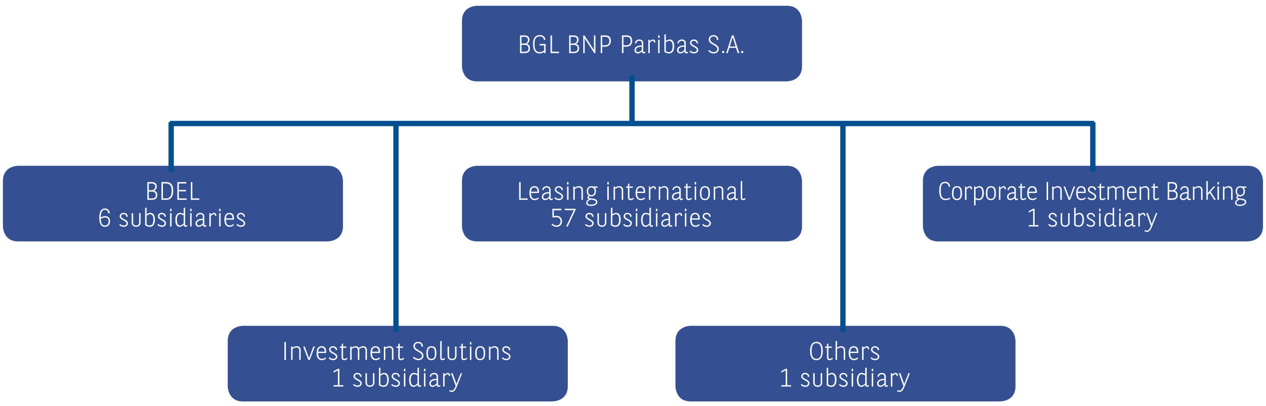
9. ADDITIONAL INFORMATION

9.a CHANGES IN SHARE CAPITAL

There was no share capital transaction in 2013 or in 2012.

9.b SCOPE OF CONSOLIDATION

Simplified structure of the Group by business line



List of entities consolidated in the Group

			31 December 2013			31 December 2012		
Name	Country	Activity	Consolidation method	Group ownership interest	Ref.[1)]	Consolidation method	Group ownership interest	Ref.
Consolidating company								
BGL BNP Paribas S.A.	Luxembourg	Bank						
BDEL								
BGL BNP Paribas Factor S.A.	Luxembourg	Factoring	IG	100.00%		IG	100.00%	E2
BNP Paribas Lease Group Luxembourg S.A.	Luxembourg	Leasing	IG	100.00%		IG	100.00%	V1
Cofhylux S.A.	Luxembourg	Real Estate	IG	100.00%		IG	100.00%	
Société Immobilière de Monterey S.A.	Luxembourg	Real Estate	IG	100.00%	E1	--	--	
Société Immobilière du Royal Building S.A.	Luxembourg	Real Estate	IG	100.00%	E1	--	--	
Société Alsacienne de développement et d'expansion (SADE) S.A.	France	Finance	IG	100.00%		IG	100.00%	

			31 December 2013			31 December 2012		
Name	Country	Activity	Consolidation method	Group ownership interest	Ref.[1]	Consoli-dation method	Group ownership interest	Ref.
Leasing international								
Ace Equipment Leasing N.V.	Belgium	Leasing	IG	50.00%		IG	50.00%	V1
ACE Leasing B.V.	The Netherlands	Leasing	--	--	S2	IG	50.00%	V1
Ace Leasing N.V.	Belgium	Leasing	IG	50.00%		IG	50.00%	V1
Agrilease B.V.	The Netherlands	Leasing	IG	50.00%		IG	50.00%	V1
Albury Asset Rentals Ltd	United Kingdom	Leasing	IG	50.00%		IG	50.00%	V1
All In One Vermietungs gesellschaft für Telekommunikationsanlagen mbH	Germany	Leasing	ME*	50.00%		ME*	50.00%	V1
All In One Vermietung GmbH	Austria	Leasing	ME*	50.00%		ME*	50.00%	V1
Aprolis Finance S.A.	France	Leasing	IG	25.50%		IG	25.50%	V1
Arius S.A.	France	Leasing	IG	50.00%		IG	50.00%	V1
Artegy Ltd	United Kingdom	Leasing	IG	50.00%		IG	50.00%	V1
Artegy S.A.	France	Leasing	IG	50.00%		IG	50.00%	V1
Heffiq Heftruck Verhuur B.V. (Anc. Barloworld Heftruck B.V.)	The Netherlands	Leasing	ME	25.00%		ME	25.00%	V1
BNP Paribas Finansal Kiralama A.S.	Turkey	Leasing	IG	47.74%		IG	47.74%	V1
BNP Paribas Lease Group (Belgique) S.A.	Belgium	Leasing	IG	50.00%		IG	50.00%	V1
BNP Paribas Lease Group BPLG S.A.	France	Leasing	IG	50.00%		IG	50.00%	V1
BNP Paribas Lease Group IFN S.A.	Romania	Leasing	ME*	49.97%		ME*	49.97%	V1
BNP Paribas Lease Group Kft	Hungary	Leasing	ME*	50.00%		ME*	50.00%	V1
BNP Paribas Lease Group Lizing RT	Hungary	Leasing	ME*	50.00%		ME*	50.00%	V1
BNP Paribas Lease Group Netherlands B.V.	The Netherlands	Leasing	--	--	S2	IG	50.00%	V1
BNP Paribas Lease Group Sp.z o.o.	Poland	Leasing	ME*	50.00%		ME*	50.00%	V1
BNP Paribas Lease Group UK PLC	United Kingdom	Leasing	IG	50.00%		IG	50.00%	V1
BNP Paribas Lease Group Rentals Ltd	United Kingdom	Leasing	IG	50.00%		IG	50.00%	V1
BNP Paribas Leasing Solutions NV	The Netherlands	Leasing	IG	50.00%		IG	50.00%	V1
BNP Paribas Leasing Solutions Immobilier Suisse S.A.	Switzerland	Leasing	ME*	50.00%		ME*	50.00%	V1
BNP Paribas Leasing Solutions Ltd	United Kingdom	Leasing	IG	50.00%		IG	50.00%	V1
BNP Paribas Leasing Solutions S.A.	Luxembourg	Leasing	IG	50.00%		IG	50.00%	V1
BNP Paribas Leasing Solutions SpA	Italy	Leasing	ME	13.09%		ME	13.09%	V1
BNP Paribas Leasing Solutions Suisse S.A.	Switzerland	Leasing	ME*	50.00%		ME*	50.00%	V1
Class Financial Services Inc.	United States	Leasing	IG	30.05%		IG	30.05%	V1
Class Financial Services Ltd	United Kingdom	Leasing	IG	25.50%		IG	25.50%	V1
Class Financial Services S.A.	France	Leasing	IG	30.05%		IG	30.05%	V1
CNH Capital Europe B.V.	The Netherlands	Leasing	IG	25.05%		IG	25.05%	V1
CNH Capital Europe GmbH	Austria	Leasing	IG	25.05%		IG	25.05%	V1
CNH Capital Europe Ltd	United Kingdom	Leasing	IG	25.05%		IG	25.05%	V1
CNH Capital Europe S.A.	France	Leasing	IG	25.05%		IG	25.05%	V1
Commercial Vehicle Finance Ltd	United Kingdom	Leasing	IG	50.00%		IG	50.00%	V1

[1] Changes in the scope of consolidation:

New entries (E) in the scope of consolidation
E1 Incorporation
E2 Purchase, gain of control or significant influence

Removals (S) from the scope of consolidation
S1 Disposal
S2 Merger

Variance (V) in voting or ownership interest
V1 Additional purchase

ME* Controlled but non material entities consolidated under the equity method as associates (cf. note 1.b)

Name	Country	Activity	31 December 2013 Consolidation method	Group ownership interest	Ref.[1]	31 December 2012 Consoli-dation method	Group ownership interest	Ref.
Fortis Energy Leasing X1	The Netherlands	Leasing	--	--	S2	IG	50.00%	V1
Fortis Energy Leasing X2	The Netherlands	Leasing	--	--	S2	IG	50.00%	V1
Fortis Energy Leasing XIV	The Netherlands	Leasing	--	--	S2	IG	50.00%	V1
Fortis Lease Belgium S.A.	Belgium	Leasing	IG	50.00%		IG	50.00%	V1
Fortis Lease S.A.	France	Leasing	IG	50.00%		IG	50.00%	V1
Fortis Lease Car & Truck S.A.	Belgium	Leasing	IG	50.00%		IG	50.00%	V1
Fortis Lease Deutschland GmbH	Germany	Leasing	ME*	50.00%		ME*	50.00%	V1
Fortis Lease Operativ Lizing Zartkoruen Mukodo Reszvenytarsasag	Hungary	Leasing	ME*	50.00%		ME*	50.00%	V1
Fortis Lease Iberia S.A.	Spain	Leasing	ME*	39.31%		ME*	39.31%	V1
Fortis Lease Portugal S.A.	Portugal	Leasing	ME*	50.00%		ME*	50.00%	V1
Fortis Lease Romania IFN S.A.	Romania	Leasing	ME*	50.00%		ME*	50.00%	V1
Fortis Lease UK Ltd	United Kingdom	Leasing	IG	50.00%		IG	50.00%	V1
Fortis Lease UK Retail Ltd	United Kingdom	Leasing	IG	50.00%		IG	50.00%	V1
Fortis Vastgoed Lease B.V.	The Netherlands	Leasing	IG	50.00%		IG	50.00%	V1
HFGL Ltd	United Kingdom	Leasing	IG	50.00%		IG	50.00%	V1
Humberclyde Commercial Inv. Ltd	United Kingdom	Leasing	IG	50.00%		IG	50.00%	V1
Humberclyde Commercial Inv. (N1) Ltd	United Kingdom	Leasing	IG	50.00%		IG	50.00%	V1
JCB Finance Holdings Ltd	United Kingdom	Leasing	IG	25.05%		IG	25.05%	V1
JCB Finance S.A.	France	Leasing	IG	25.05%		IG	25.05%	V1
Locatrice Italiana SpA	Italy	Leasing	ME	13.09%		ME	13.09%	V1
Manitou Finance Ltd	United Kingdom	Leasing	IG	25.51%		IG	25.51%	V1
MFF S.A.S.	France	Leasing	IG	25.50%		IG	25.50%	V1
Nissan Finance Belgium NV	Belgium	Leasing	--	--	S1	ME	12.50%	V1
Same Deutz Fahr Finance Ltd	United Kingdom	Leasing	IG	50.00%		IG	50.00%	V1
Same Deutz Fahr Finance S.A.	France	Leasing	IG	50.00%		IG	50.00%	V1
SREI Equipment Finance Private Ltd	India	Leasing	IP	25.00%		IP	25.00%	V1
Vela Lease SRL	Italy	Leasing	ME	13.09%		ME	13.09%	V1
Investment Solutions								
Cardif Lux Vie S.A.	Luxembourg	Insurance	ME	33.33%		ME	33.33%	
Corporate Investment Banking								
Paribas Trust Luxembourg S.A.	Luxembourg	Equity Management	IG	100.00%		IG	100.00%	
Other activities								
Plagefin - Placement Gestion Finance Holding S.A.	Luxembourg	Equity Management	IG	100.00%		IG	100.00%	

At the end of March 2012, the Bank acquired from two other entities of the BNP Paribas Group a stake of 16.67% in BNP Paribas Leasing Solutions S.A. for an acquisition price of EUR 383.3 million, to increase its holding in the company to 50% + 1 share. Following this purchase, from 31 March 2012, BNP Paribas Leasing Solutions S.A. has been consolidated by the Bank using the global integration method, instead of as an associated company, as was previously the case. This transaction was performed according to the business combination under common control method, and generated the recognition of goodwill of – EUR 109.7 million directly deducted from consolidated equity.

9.c COMPENSATION AND BENEFITS AWARDED TO MEMBERS OF THE BOARD OF DIRECTORS AND KEY CORPORATE OFFICERS

In 2013, the remuneration, including pension expenses, paid to the Group's key officers amounted to EUR 7.2 million (2012: EUR 7.2 million).

The remuneration paid in 2013, relative to 2012, to the members of the BGL BNP Paribas Board of Directors amounted to EUR 1.8 million (2012: EUR 1.7 million).

During the year 2013 the key officers were allocated EUR 0.6 million under the ISIS Scheme (International Sustainabilty and Incentive Scheme). In 2012, they had been assigned 20,555 BNP Paribas shares.

On 31 December 2013, the loans granted to members of the Board of Directors were equal to EUR 2.0 million (on 31 December 2012: EUR 2.9 million); the loans granted to key officers were equal to EUR 5.2 million (on 31 December 2012: EUR 6.0 million).

On 31 December 2013, the credit lines granted to members of the Board of Directors were equal to EUR 3.2 million (on 31 December 2012: EUR 3.1 million); the credit lines granted to key officers were equal to EUR 5.4 million (on 31 December 2012: EUR 6.2 million).

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9.d RELATED PARTIES

The related parties of the Group are associated companies, pension funds, the members of the Board of Directors and the key officers of the Group, the members of the close families of the aforesaid persons, entities controlled or appreciably influenced by any of the aforesaid persons, as well as any other related entity.

As part of its operational activities, the Group is often required to carry out transactions with related parties. These transactions primarily involve loans and deposits and are carried out on an arm's length basis.

The tables below summarise the financial scope of the activities carried out with the following related parties:

- Associated companies:
- Parent companies: BNP Paribas S.A., BNP Paribas Fortis S.A. and their branches;
- Other BNP Paribas Group companies not held by the Group.

The relations with members of the Board of Directors and the Group's key officers are covered in part 8.c.

The State of Luxembourg is a 34% shareholder of BGL BNP Paribas S.A. As such, it received a dividend of EUR 64.5 million from BGL BNP Paribas S.A. in 2013. The other transactions with the State of Luxembourg or any other entity controlled by the State of Luxembourg are carried out on an arm's length basis.

Related-party balance sheet items

In millions of euros	31 December 2013			31 December 2012		
	Entities consolidated using the equity method	Parent companies	Other BNP Paribas entities	Entities consolidated using the equity method	Parent companies	Other BNP Paribas entities
ASSETS						
Financial assets at fair value through profit or loss	-	147.9	25.5	-	248.6	111.3
Derivatives used for hedging purposes	-	89.8	-	-	118.2	-
Available-for-sale financial assets	85.5	-	170.6	85.5	-	239.2
Loans and receivables due from credit institutions	78.1	7.837.2	41.6	68.6	8.416.8	71.4
Loans and receivables due from customers	752.4	2.1	451.1	506.7	-	801.3
Accrued income and other assets	6.3	26.3	73.3	10.0	25.5	73.8
Total	922.3	8.103.3	762.1	670.8	8.809.1	1.297.0
LIABILITIES						
Financial liabilities at fair value through profit or loss	-	54.0	56.7	-	63.0	88.9
Derivatives used for hedging purposes	-	30.2	-	-	58.0	-
Due to credit institutions	-	8.895.4	33.5	-	10.352.4	311.2
Due to customers	77.1	-	207.7	74.2	-	203.0
Accrued expenses and other liabilities	7.8	34.9	2.5	6.5	22.9	0.6
Total	84.9	9.014.5	300.4	80.7	10.496.3	603.7

Moreover, the Group also carries out, with these related parties, trading transactions on an arm's length basis involving derivatives (swaps, options, futures contracts...) and financial instruments (equities, debt securities...) contracted or issued by them.

In millions of euros	31 December 2013			31 December 2012		
	Entities consolidated using the equity method	Parent companies	Other BNP Paribas entities	Entities consolidated using the equity method	Parent companies	Other BNP Paribas entities
Financing and guarantee commitments						
Financing commitments given	-	46.1	-	-	24.4	6.6
Financing commitments received	-	293.7	3.8	-	344.0	14.0
Guarantee commitments given	125.6	157.2	31.0	126.9	146.6	28.7
Guarantee commitments received	0.4	229.6	61.1	0.4	299.3	96.4

As at 31 December 2013 and at 31 December 2012, guarantees given include EUR 125.0 million of guarantees given to Cardif Lux Vie S.A., following the merger of Fortis Luxembourg Vie S.A. and Cardif Lux International S.A. At 31 December 2013, a provision of EUR 8.4 million for this guarantee was recorded in the accounts.

The Bank had netting agreements with the entities BNP Paribas Fortis S.A. and BNP Paribas S.A. (and their respective branches established in the territory of the European Union) thereby reducing its exposure to such entities, for both on-balance sheet and off-balance sheet exposures.

Related-party profit and loss items

In millions of euros	31 December 2013			31 December 2012		
	Entities consolidated using the equity method	Parent companies	Other BNP Paribas entities	Entities consolidated using the equity method	Parent companies	Other BNP Paribas entities
Interest income	12.1	199.0	15.7	19.7	300.0	22.3
Interest expense	-	(255.7)	(9.2)	(0.1)	(381.6)	(58.9)
Commission (income)	10.6	13.9	40.5	11.9	14.7	45.7
Commission (expense)	(5.7)	(5.1)	(0.1)	(6.5)	(12.6)	(0.2)
Gains (losses) on financial instruments at fair value through profit or loss	-	(55.6)	5.0	-	(30.2)	36.2
Income (expenses) from other activities	7.7	-	55.9	5.9	(0.5)	45.0
Total	24 7	(103 5)	107 8	30 9	(110 2)	90 1

9.e 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, hedging derivatives, remeasurement adjustments on interest-rate risk hedged portfolios and undated subordinated debt are also deemed to be "undetermined".

The majority of the financing and guarantee commitments given may be drawn at sight.

31 December 2013

In millions of euros

	Undetermined	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		306.9	-	-	-	-	-	306.9
Financial assets at fair value through profit or loss	268.8	-	-	-	43.6	79.7	-	392.1
Derivatives used for hedging purposes	104.9	-	-	-	-	-	-	104.9
Available-for-sale financial assets	251.0	-	394.9	215.3	67.2	1 231.5	1 166.6	3 326.5
Loans and receivables due from credit institutions	-	923.8	1 963.6	941.0	1 018.5	2 379.3	1 149.9	8 376.1
Loans and receivables due from customers	-	1 160.5	746.5	2 225.2	4 386.7	10 133.9	7 217.1	25 869.9
Held to maturity financial assets	-	-	10.0	8.4	25.0	66.1	260.6	370.1
Financial assets by maturity	**624.7**	**2 391.2**	**3 115.0**	**3 389.9**	**5 541.0**	**13 890.5**	**9 794.2**	**38 746.5**
Financial liabilities at fair value through profit or loss	236.6	-	3.3	22.6	145.5	349.3	121.1	878.4
Derivatives used for hedging purposes	31.2	-	-	-	-	-	-	31.2
Due to credit institutions	-	639.9	479.5	2 202.2	2 261.4	3 813.3	751.2	10 147.5
Due to customers	-	16 334.8	1 447.8	464.7	683.7	118.2	395.6	19 444.8
Debt securities			12.5	937.2	213.1	339.4	19.9	1 522.1
Subordinated debt	2.2	-	-	-	-	-	-	2.2
Remeasurement adjustment on the interest-rate-risk hedged portfolios	49.8	-	-	-	-	-	-	49.8
Financial liabilities by maturity	**319.8**	**16 974.7**	**1 943.1**	**3 626.7**	**3 303.7**	**4 620.2**	**1 287.8**	**32 076.0**

31 December 2012

In millions of euros

	Undetermined	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		1 335.1	-	-	-	-	-	1 335.1
Financial assets at fair value through profit or loss	344.9	-	-	-	85.4	117.6	5.6	553.5
Derivatives used for hedging purposes	129.5	-	-	-	-	-	-	129.5
Available-for-sale financial assets	393.7	-	23.6	72.3	294.6	986.2	1 454.4	3 224.8
Loans and receivables due from credit institutions	-	1 008.0	980.7	1 309.0	2 131.7	2 445.5	1 143.7	9 018.6
Loans and receivables due from customers	-	1 096.3	845.8	2 622.5	4 675.3	10 447.0	7.606.0	27 292.9
Held to maturity financial assets			10.0	61.7	74.8	102.7	260.0	509.2
Financial assets by maturity	**868.1**	**3 439.4**	**1 860.1**	**4 065.5**	**7 261.8**	**14 099.0**	**10 469.7**	**42 063.6**
Financial liabilities at fair value through profit or loss	338.1	-	-	34.7	250.5	466.0	126.1	1 215.4
Derivatives used for hedging purposes	60n2	-	-	-	-	-	-	60.2
Due to credit institutions	-	879 3	1 382.4	1 088.7	3 012.2	4 767.1	1 019.8	12 149.5
Due to customers	-	15 603.2	1 662.4	824.1	1 016.7	164.7	450.0	19 721.1
Debt securities	-	-	241 3	343 8	1.428 1	606 4	24 3	2.643 9
Subordinated debt	2 6	-	-	-	-	-	-	2 6
Remeasurement adjustment on the interest-rate-risk hedged portfolios	80 6	-	-	-	-	-	-	80 6
Financial liabilities by maturity	**481.5**	**16 482.5**	**3 286.1**	**2 291.3**	**5 707.5**	**6 004.2**	**1 620.2**	**35 873.3**

9.f FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTISED COST

The information supplied in this note must be used and interpreted with the greatest caution for the following reasons:

- These fair values are an estimate of the value of the relevant instruments as of 31 December 2013. They are liable to fluctuate from day to day as a result of changes in various parameters, such as interest rates and credit quality of the counterparty. In particular, they may differ significantly from the amount 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 instruments to the Group as a going concern.
- Most of these fair values are not meaningful, and hence are not taken into account in the management of commercial banking activities that 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.
- Finally, the fair values shown below do not include the fair values of finance lease operations, non-financial instruments such as property, plant and equipment, goodwill and other intangible assets such as the value attributed to demand deposit portfolios or to the clientele in relation with the Group in its various activities. Consequently, these fair values should not be regarded as the actual contribution of the instruments concerned to the overall valuation of the Group.

In millions of euros	31 December 2013				31 December 2012
	Level 1	Level 2	Level 3	Total	Estimated fair value
FINANCIAL ASSETS					
Loans and receivables due from credit institutions	-	8 194.8	181.3	8 376.1	9 363.0
Loans and receivables due from customers	213.7	10 537.7	6 029.2	16 780.6	16 819.2
Held-to-maturity financial assets	405.9	-	-	405.9	558.4
FINANCIAL LIABILITIES					
Due to credit institutions	-	10 147.8	-	10 147.8	12 661.0
Due to customers	-	19 006.7	439.6	19 446.3	19 736.2
Debt securities	-	1 527.8	-	1 527.8	2 652.7
Subordinated debt	-	2.2	-	2.2	2.6

The used valuation techniques and assumptions ensure that the fair value of financial assets and liabilities is measured at amortised cost 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 relative to the accounting principles applied by the Group. The allocation by level was conducted in accordance with the accounting principles described in this note. 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) fair value is used and these were presented in Level 2.

9.g CONTINGENT LIABILITIES: LEGAL PROCEEDING AND ARBITRATION

Like any other financial institution, the Group is involved as defendant in various claims, disputes and legal proceedings, arising in the ordinary course of the banking and insurance business.

The Group makes provisions for such matters when, in the opinion of management and upon consultation with its legal advisors, it is probable that a payment will have to be made by the Group, and when the amount can be reasonably estimated (see note 6.q "Provisions for contingencies and charges.").

In respect of further claims and legal proceedings against the Group of which management is aware (and which,

according to the principles outlined above, have not been provided for), it is the opinion of management, after due consideration of appropriate professional advice, that such claims are without merit, can be successfully defended or that the outcome of these actions is not expected to result in a significant loss in the Group's consolidated financial statements.

9.h FEES PAID TO THE STATUTORY AUDITORS

Year to 31 December 2013 *In thousands of euros*	Deloitte		PricewaterhouseCoopers		Mazars		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
Audit								
Statutory audit, certification, examination of the individual and consolidated accounts, of which:								
- Issuer	-	0%	729	72%	-	0%	729	15%
- Consolidated subsidiaries	26	1%	235	23%	1 925	100%	2 186	46%
Other due diligence reviews and services directly related to the corporate auditor's scope, of which:								
- Issuer	-	0%	25	2%	-	0%	25	1%
- Consolidated subsidiaries	-	0%	-	0%	-	0%	-	0%
Audit total	**26**	**1%**	**989**	**97%**	**1 925**	**100%**	**2 940**	**62%**
Other services provided by the networks								
Legal, tax, social	-	0%	-	0%	-	0%	-	0%
Other	1 802	99%	27	3%	-	0%	1 829	38%
Other services total	**1 802**	**99%**	**27**	**3%**	**-**	**0%**	**1 829**	**38%**
Total fees	1 828	100%	1 016	100%	1 925	100%	4 769	100%

Year to 31 December 2012 *In thousands of euros*	Deloitte		PricewaterhouseCoopers		Mazars		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
Audit								
Statutory audit, certification, examination of the individual and consolidated accounts, of which:								
- Issuer	-	0%	798	65%	-	0%	798	17%
- Consolidated subsidiaries	39	2%	239	20%	1 757	100%	2 035	43%
Other due diligence reviews and services directly related to the corporate auditor's scope, of which:								
- Issuer	-	0%	23	2%	-	0%	23	1%
- Consolidated subsidiaries	-	0%	-	0%	-	0%	-	0%
Audit total	**39**	**2%**	**1 060**	**87%**	**1 757**	**100%**	**2 856**	**61%**
Other services provided by the networks								
Legal, tax, social	-	0%	161	13%	-	0%	161	3%
Other	1 663	98%	4	0%	-	0%	1 667	36%
Other services total	**1 663**	**98%**	**165**	**13%**	**-**	**0%**	**1 828**	**39%**
Total fees	1 702	100%	1 225	100%	1 757	100%	4 684	100%

The total audit fees paid to auditors who do not belong to the network of one of the auditors certifying the consolidated and non-consolidated financial statements of BNP Paribas S.A., mentioned in the table above, amount to EUR 48 thousand for the year 2013.

John M. Armleder (*1948) - *Untitled,* 1998 - Mixed technique

Unconsolidated Financial Statements for the Year Ended 31 December 2013

Andy Warhol (1928-1987) - *Birth of Venus*, 1984 - Serigraphy

The unconsolidated annual accounts of BGL BNP Paribas S.A. have been prepared in accordance with the legislation and regulations applicable in Luxembourg, and in particular with the modified Law of 17 June 1992 on the accounts of credit institutions.

The annual accounts are provided hereafter in an abridged form. The unconsolidated annual accounts, comprising the balance sheet, income statement and notes to the annual accounts as well as the Board of directors' report and the auditor's report are published in accordance with legal requirements.

Pursuant to article 71 of the modified Law of 17 June 1992 on the approved annual accounts of credit institutions, the Board of directors' report, as well as the auditor's report must be filed with the register of commerce and companies in the month they are approved by the General Meeting of Shareholders, and no later than 7 months after the closing of the period. The accounts are published by mention in the "Mémorial" of the filing with the register of commerce and companies where these documents are available.

The auditor delivered an unqualified certification of the unconsolidated annual accounts of BGL BNP Paribas S.A. as at 31 December 2013.

UNCONSOLIDATED BALANCE SHEET

In millions of euros	31 Decembre 2013	31 Decembre 2012
Assets		
Cash, credit notes with central banks and post office banks	**306.5**	**1 333.6**
Receivables from credit institutions	**11 336.3**	**11 476.7**
a) demand	843.5	575.5
b) other receivables	10 492.8	10 901.2
Receivables due from customers	**12 520.7**	**12 543.4**
Bonds and other fixed income securities	**4 489.5**	**4 742.2**
a) from public issuers	2 612.3	2 731.5
b) other issuers	1 877.2	2 010.7
Equities and other variable income securities	**199.5**	**240.5**
Investments in subsidiaries	**44.1**	**45.2**
Affiliates	**1 595.8**	**1 547.7**
Intangible fixed assets	**283.2**	**443.9**
Tangible fixed assets	**154.4**	**166.5**
Other assets	**76.5**	**80.5**
Accrued income	**238.4**	**237.9**
Total assets	31 244.9	32 858.1

UNCONSOLIDATED BALANCE SHEET (CONTINUATION)

In millions of euros	31 Decembre 2013	31 Decembre 2012
Liabilities		
Due to credit institutions	**2 767.0**	**2 666.4**
a) demand	707.1	636.6
b) forward or with notice	2 059.9	2 029.8
Due to customers	**18 998.6**	**19 034.1**
a) savings deposits	5 802.8	5 607.5
b) other debts	13 195.8	13 426.6
- demand	10 864.1	10 175.6
- forward or with notice	2 331.7	3 251.0
Debt securities	**2 064.7**	**3 491.6**
a) bills and outstanding bonds	1 247.3	1 927.7
b) other	817.4	1 563.9
Other liabilities	**1 036.0**	**1 364.8**
Accrued income	**77.2**	**86.5**
Provisions	**338.2**	**291.2**
a) provisions for taxes	44.8	40.3
b) other provisions	293.4	250.9
Subordinated liabilities	**110.0**	**110.0**
Special items with a share of the reserves	**225.2**	**140.6**
Fund for general banking risks	**57.4**	**57.4**
Share capital	**713.1**	**713.1**
Additional paid-in capital	**2 770.4**	**2 770.4**
Retained earnings	**1 940.5**	**1 940.5**
Profit or loss brought forward	**0.3**	**0.2**
Profit or loss for the fiscal year	**146.3**	**191.3**
Total liabilities	**31 244.9**	**32 858.1**

Off-balance sheet		
Contingent liabilities	**1 624.8**	**1 596.3**
of which: Surety bonds and assets given in guarantee	*371.4*	*946.7*
Commitments	**1 872.9**	**2 227.2**
Fiduciary operations	**2 868.5**	**3 134.1**

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

In millions of euros	2013	2012
Interest income	**819.7**	**962.0**
including: On fixed revenue marketable securities	*140.5*	*178.2*
Interest expense	**(271.4)**	**(430.0)**
Income on equities and other variable instruments	**55.6**	**53.0**
a) earnings from equities, shares and other variable instruments	2.5	3.5
b) earnings from holdings	3.8	4.9
c) earnings from affiliates	49.3	44.6
Commissions earned	**231.4**	**226.3**
Commissions paid	**(51.5)**	**(58.0)**
Earnings on financial operations	**35.2**	**108.8**
Other operating income	**70.2**	**61.9**
Administrative overhead costs	**(393.2)**	**(396.3)**
a) staff costs	(254.8)	(243.8)
of which: Wages and salaries	*(216.6)*	*(206.7)*
Social charges	*(31.6)*	*(30.8)*
Social charges applying to pensions	*(24.1)*	*(22.7)*
b) other administrative costs	(138.4)	(152.5)
Value corrections on intangible fixed assets and on tangible fixed assets	**(176.4)**	**(179.3)**
Other operating expenses	**(52.1)**	**(22.0)**
Additions/reversals for value creations on receivables and provisions for possible debts and commitments	**(8.6)**	**(38.7)**
Additions/reversals for value creations on marketable securities described as financial fixed assets, on investments in subsidiaries and shares in subsidiaries and affiliates	**(61.9)**	**(85.5)**
Additions to "special items with a share of the reserves"	**(87.0)**	**-**
Proceeds resulting from the dissolution of the "special items with a share of the reserves"	**2.4**	**0.5**
Proceeds resulting from the dissolution of the amounts listed in the fund for general banking risks	**-**	**35.0**
Income tax applicable to ordinary activities	**(50.4)**	**(45.8)**
Proceeds resulting from ordinary activities, after tax	62.0	191.9
Exceptional income	**84.8**	**-**
Exceptional proceeds	84.8	-
Other taxes not included in the above items	**(0.5)**	**(0.6)**
Profit or loss for the fiscal year	146.3	191.3

Branch network

A.R. Penck (*1939) - *Weltwaage Revolutionärer Frühling*, 1989 - Lithography

NetAgence

Tel.: (+352) 42 42-20 00
Fax: (+352) 42 42-20 01
info@bgl.lu

LUXEMBOURG BONNEVOIE
101-103, rue de Bonnevoie
L-1261 Luxembourg

LUXEMBOURG CLOCHE D'OR
2, rue Henri Schnadt
L-2530 Luxembourg

LUXEMBOURG GARE
76, avenue de la Liberté
L-1930 Luxembourg

LUXEMBOURG GRAND-RUE
1-3, rue du Marché-aux-Herbes
L-1728 Luxembourg

LUXEMBOURG KIRCHBERG-EUROPE
13, avenue J.F. Kennedy
L-1855 Luxembourg

LUXEMBOURG KIRCHBERG
10, rue Edward Steichen
L-2540 Luxembourg

LUXEMBOURG LIMPERTSBERG
43-45, allée Scheffer
L-2520 Luxembourg

LUXEMBOURG MERL & BELAIR
123, avenue du X Septembre
L-2551 Luxembourg

LUXEMBOURG MERL - JARDINS DE LUXEMBOURG
17, rue Guillaume de Machault
L-2111 Luxembourg

LUXEMBOURG ROYAL-MONTEREY
27, avenue Monterey
L-2163 Luxembourg

LUXEMBOURG BOULEVARD ROYAL
Private Banking Center "d'Villa"
10A, boulevard Royal
L-2440 Luxembourg
Tel.: (+352) 42 42-76 48
Fax: (+352) 42 42-21 22

BASCHARAGE/KORDALL
6, avenue de Luxembourg
L-4950 Bascharage

BERELDANGE
70, route de Luxembourg
L-7240 Bereldange

BETTEMBOURG
6a, rue de la Gare
L-3236 Bettembourg

CLERVAUX
34, Grand'Rue
L-9710 Clervaux

DIEKIRCH
5, rue de Stavelot
L-9280 Diekirch

DIFFERDANGE
26, avenue de la Liberté
L-4601 Differdange

DUDELANGE
59, avenue Gr.-D. Charlotte
L-3441 Dudelange

ECHTERNACH
25, place du Marché
L-6460 Echternach

ESCH/BENELUX
Place Benelux
L-4027 Esch/Alzette

ESCH/CENTRE
30, rue de l'Alzette
L-4010 Esch/Alzette
Private Banking Center
Tel.: (+352) 42 42-54 93
Fax: (+352) 42 42-59 80

ESCH BELVAL
12, avenue du Rock'n Roll
L-4361 Esch-Belval

ETTELBRUCK
77-79, Grand'Rue
L-9051 Ettelbruck
Private Banking Center
Tel.: (+352) 42 42-59 53
Fax: (+352) 42 42-59 56

GREVENMACHER
2, route de Trèves
L-6793 Grevenmacher

HOWALD
201, route de Thionville
L-5885 Howald

JUNGLINSTER
2, route de Luxembourg
L-6130 Junglinster

LAROCHETTE
14, place Bleiche
L-7610 Larochette

MAMER
13 a-b, route d'Arlon
L-8211 Mamer

MERSCH
1, rue d'Arlon
L-7513 Mersch

MONDORF-LES-BAINS
58, avenue François Clement
L-5612 Mondorf-les-Bains

NIEDERANVEN
141, route de Trèves
L-6940 Niederanven

REDANGE-SUR-ATTERT
35, Grand'Rue
L-8510 Redange-sur-Attert

REMICH
24, route de l'Europe
L-5531 Remich

SCHIFFLANGE
36-38, avenue de la Libération
L-3850 Schifflange

STEINFORT
5-7, square du Général Patton
L-8443 Steinfort

STRASSEN
255, route d'Arlon
L-8011 Strassen
Private Banking Center
Tel.: (+352) 42 42-86 78
Fax: (+352) 42 42-68 29

TÉTANGE/KÄLDALL
149, rue Principale
L-3770 Tétange

TROISVIERGES
33-35, Grand'Rue
L-9905 Troisvierges
Private Banking Center
Tel.: (+352) 42 42-64 72
Fax: (+352) 42 42-76 62

VIANDEN
4, Grand'Rue
L-9410 Vianden

WASSERBILLIG
36, Grand'Rue
L-6630 Wasserbillig

WILTZ
53-55, Grand'Rue
L-9530 Wiltz
Private Banking Center
Tel.: (+352) 42 42-54 52
Fax: (+352) 42 42-53 98

Subsidiaries, participating interests, business centers and other companies of the Group based in Luxembourg.

Imi Knoebel (*1940) - *Grace Kelly I*, 1990 - Sérigraphy

HEAD OFFICE

BGL BNP PARIBAS S.A.
50, avenue J.F. Kennedy
L-2951 Luxembourg
Tel.: (+352) 42 42-1
Fax: (+352) 42 42-33 12 ou -25 05
www.bgl.lu
info@bgl.lu

WEALTH MANAGEMENT
50, avenue J.F. Kennedy
L-2951 Luxembourg
Tel.: (+352) 42 42-71 50

SUBSIDIARIES

LUXEMBOURG

BNP PARIBAS LEASING SOLUTIONS
16, rue Edward Steichen
L-2540 Luxembourg
Tel.: (+352) 26 43 47-89
Fax: (+352) 26 43 47-88
www.leasingsolutions.bnpparibas.com

BNP PARIBAS LEASE GROUP LUXEMBOURG S.A.
16, rue Edward Steichen
L-2540 Luxembourg
Tel.: (+352) 47 99-85 15
Fax: (+352) 47 99-51 81
www.leasingsolutions.bnpparibas.com
bplg.sales@bgl.lu

BGL BNP PARIBAS FACTOR S.A.
16, rue Edward Steichen
L-2540 Luxembourg
Tel.: (+352) 27 04 68
Fax: (+352) 27 04 68-901
www.factor.bglbnpparibas.lu
info@bglbnpparibasfactor.lu

FRANCE

SADE (Société Alsacienne de Développement et d'Expansion)
4, allée de la Robertsau
F-67084 Strasbourg Cedex
Tel.: (+33) 3 88 45 51 51
Fax: (+33) 3 88 60 44 20
www.sade-financement.com
info@sade-financement.com

PARTICIPATING INTERESTS

LUXEMBOURG

BIP INVESTMENT PARTNERS S.A.
1, rue des Coquelicots
L-1356 Luxembourg
Tel.: (+352) 26 00 26-1
Fax: (+352) 26 00 26-50
www.bip.lu
info@bip.lu

CARDIF LUX VIE
23-25, avenue de la Porte-Neuve
L-2227 Luxembourg
Tel.: (+352) 26 214-1
Fax: (+352) 26 214-93 71
www.cardifluxvie.lu

BUSINESS CENTERS

BUSINESS CENTER LUXEMBOURG
50, avenue J.F. Kennedy
L-2951 Luxembourg
Tel.: (+352) 42 42-20 08
Fax: (+352) 42 42-51 41

BUSINESS CENTER TRIER
Herzogenbuscher Str. 10
D-54292 Trèves
Tel.: (+49) 651 460 40 10
Fax: (+49) 651 994 96 09

BUSINESS CENTER SAARBRÜCKEN
Lebacher Str. 4
D-66113 Sarrebruck
Tel.: (+49) 681 9963-454
Fax: (+49) 681 9963-459

OTHER COMPANIES OF THE GROUP BASED IN LUXEMBOURG

ARVAL LUXEMBOURG
36, route de Longwy
L-8080 Bertrange
Tel.: (+352) 44 91-801
Fax: (+352) 44 91-90
www.arval.lu
info@arval.lu

BNP PARIBAS INVESTMENT PARTNERS LUXEMBOURG
33, rue de Gasperich
L-5826 Hesperange
Tel.: (+352) 26 46-30 01
Fax: (+352) 26 46-91 70
www.bnpparibas-ip.lu

BNP PARIBAS REAL ESTATE INVESTMENT MANAGEMENT LUXEMBOURG S.A.
Axento Building - B Wing - 3rd Floor
44, avenue J.F. Kennedy
L-1855 Luxembourg
Tel.: (+352) 26 26-06 06
Fax: (+352) 26 26-06 26
www.realestate.bnpparibas.lu
reimlux@bnpparibas.com

BNP PARIBAS REAL ESTATE ADVISORY & PROPERTY MANAGEMENT S.A.
Axento Building - A Wing - 3rd Floor
44, avenue J.F. Kennedy
L-1855 Luxembourg
Tel.: (+352) 34 94-84
Fax: (+352) 34 94-73
www.realestate.bnpparibas.lu

BNP PARIBAS SECURITIES SERVICES LUXEMBOURG
33, rue de Gasperich
L-5826 Hesperange
Tel.: (+352) 26 96-20 00
Fax: (+352) 26 96-97 00
www.securities.bnpparibas.com

FIDUPAR
1, rue Joseph Hackin
L-1746 Luxembourg
Tel.: (+352) 26 26-38 38
Fax: (+352) 26 26-38 88
www.wealthmanagement.bnpparibas.lu/Nous-connaitre/FIDUPAR

IMPRESSUM:

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BGL BNP PARIBAS
Société Anonyme
50,avenue J.F. Kennedy
L-2951 Luxembourg
Phone: (+352) 42 42-1
Fax: (+352) 42 42-33 12
R.C.S. Luxembourg: B 6481
www.bgl.lu