



2008

REGISTRATION DOCUMENT

AND ANNUAL FINANCIAL REPORT



BNP PARIBAS | The bank for a changing world

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BNP PARIBAS

2008 Registration document and annual financial report



The original document was filed with the AMF's (French Securities Regulator) on 11 March 2009, in accordance with article 212-13 of the AMF General Regulations. It may be used in support of a financial transaction only if supplemented by a Transaction Note that has received approval from the AMF.

This document includes all elements of the annual financial report specified by section I of article L. 451-1-2 of the Code monétaire et financier and article 222-3 of the AMF's General Regulations. A table allowing cross-referencing between the documents specified in article 222-3 of the AMF's General Regulations and the corresponding sections of this document is provided on page 355.

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 accurate presentation of the original. However, in all matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation.

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1.1 Group presentation

BNP Paribas is a European leader in banking and financial services. The Group has one of the largest international banking networks, a presence in over 80 countries and more than 170,000 employees, including 130,000 in Europe. BNP Paribas enjoys key positions in its three activities:

- Retail banking, which includes the following operating entities:
 - French Retail Banking (FRB),
 - BNL banca commerciale (BNL bc), Italian retail banking,
 - BancWest,
 - Emerging Markets Retail Banking,
 - Personal Finance,
 - Equipment Solutions;
- Asset Management & Services (AMS);
- Corporate and Investment Banking (CIB).

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

1.2 Key figures

RESULTS

	2004 ^(*)	2005 ^(**)	2006 ^(**)	2007 ^(**)	2008 ^(**)
Revenues (in millions of euros)	18,823	21,854	27,943	31,037	27,376
Gross operating income (in millions of euros)	7,231	8,485	10,878	12,273	8,976
Net income Group share (in millions of euros)	4,668	5,852	7,308	7,822	3,021
Earnings per share (in euros) ^(***)	5.51	6.96	8.03	8.49	3.07
Return on equity ^(****)	16.8%	20.2%	21.2%	19.6%	6.6%

^(*) Under French GAAP.

^(**) Under International Financial Reporting Standards (IFRS) as adopted by the European Union.

^(***) Adjusted for the impact of the 2006 rights issue on years 2003 to 2005.

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

MARKET CAPITALISATION

	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08
Market capitalisation (in billions of euros)	45.1	47.2	57.3	76.9	67.2	27.6

Source: Bloomberg.

LONG TERM CREDIT RATINGS

Standard and Poors: AA, negative outlook – rating revised on 28 January 2009

Moody's: Aa1, negative outlook – outlook revised on 16 January 2009

Fitch: AA, negative outlook – outlook revised on 3 February 2009

1.3 History

1966: Creation of BNP

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

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

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

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

1987: Privatisation of Compagnie Financière de Paribas

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

1993: Privatisation of BNP

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

1998: Creation of Paribas

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

1999: A benchmark year for the Group

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

2000: Creation of BNP Paribas

Merger of BNP and Paribas on 23 May 2000.

Building on strong banking and financial services businesses, the new Group's objectives, are to create value for shareholders, clients and employees by building the bank of the future and becoming a benchmark player in the global world.

2006: Acquisition of BNL in Italy

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

1.4 Presentation of business lines

RETAIL BANKING

In 2008, BNP Paribas generated 60% of its revenues from retail banking. It has a strong international presence in retail banking, with 4,000 of its 6,000 branches outside France, and 250,000 points of contact with customers in its specialist businesses of Personal Finance and business equipment loans. Retail banking activities employ a total of more than 120,000 people in 52 countries, representing over 70% of the Group's entire headcount.

Retail Banking comprises branch networks in France, Italy, the USA and the emerging markets, together with non-banking services. It is divided into six Operating Units:

- French Retail Banking;
- BNL bc, the branch network in Italy;
- BancWest, the branch network in the USA;
- Emerging Markets Retail Banking;
- Personal Finance, which comprises the specialist consumer credit and mortgage financing businesses;
- Equipment Solutions, dedicated to financing equipment purchases by companies (Arval, BNP Paribas Lease Group).

In early 2009, the Group combined all its retail banking activities into a single organisation, BNP Paribas Retail Banking, with the aim of:

- providing retail banking clients with the benefits of a truly global network;
- industrialising activities, pooling major investments and transferring know-how and innovation between the banking networks and the specialised Personal Finance and Equipment Solutions businesses;

- developing cross-selling between the networks and the specialised retail financing businesses, and with Corporate & Investment Banking and Asset Management & Services;

- promoting the Group's expansion in these businesses, both through acquisitions and organic growth.

To support Retail Banking in its expansion, six central missions have been created to provide operating units with the benefit of their expertise in cross-functional activities and projects:

- Distribution, Markets & Solutions, to promote business development in the Operating Units;
- Retail Banking Development, to oversee the Group's acquisitions in Retail Banking businesses and coordinate benchmarking and strategic intelligence for Retail Banking;
- Retail Banking Brand & Communications, to coordinate internal communications and ensure a consistent brand policy across the whole of Retail Banking;
- US Coordination, to facilitate relations between BancWest and other Group entities;
- Wealth Management Networks, to accelerate growth in the Wealth Management business across the Retail Banking networks;
- Retail Banking HR, to roll out the Group's HR model to all Operating Units and sites, tailored to specific local needs.

This support system has been rounded out by the creation of "Retail Banking Information Systems" within French Retail Banking, which supports the six Operating Units according to their needs. Cash management has also been reorganised on an international basis.

FRENCH RETAIL BANKING

French Retail Banking (FRB) has a client base made up of 6.1 million individual and private banking clients, 500,000 entrepreneurs and small business clients, and 22,000 corporate and institutional clients. The division offers a comprehensive line-up of products and services, ranging from current account services to the most complex financial engineering services in the areas of corporate financing and asset management.

The French Retail Banking Division network has been strengthened with a view to enhancing local coverage and client service. As at 31 December 2008, it consisted of 2,200 branches, of which 1,100 had been updated with the new "Welcome & Services" concept, and 5,200 cash dispensers. As such, the network is now more compatible with a multi-channel organisational structure. FRB focuses on regions with strong economic potential and has a 15% market share in the Paris region ⁽¹⁾ FRB also has a strong presence in the most attractive segments of the personal

banking market – 22% of households with net annual revenues in excess of EUR 82,000 have their main bank account with BNP Paribas ⁽²⁾. It also has a leading position in business banking.

The French Retail Banking Division employs 31,000 people working in the BNP Paribas branded branch network, Banque de Bretagne, BNP Paribas Factor, BNP Paribas Développement, a provider of growth capital, and Protection 24, a telesurveillance firm.

To improve its response to client needs, French Retail Banking has reorganised its sales structure on the basis of network segmentation. The division is now made up of branches serving individuals and small businesses, Private Banking Centres, and Business Centres, all supported by a Client Relations Centre (CRC) and back offices in charge of after-sales operations.

⁽¹⁾ BNP Paribas FRB 2007 marketing research, market share based on number of counters.

⁽²⁾ Source: Ipsos 2006.

In parallel, the division has continued actively expanding the personal banking business, drawing on the multi-channel structure (branch, telephone and online banking) that was rolled out from 2002. The underlying aim of these changes is to offer clients the highest standard of service and to step up the role of in-branch client advisers. The Client Relations Centre's three platforms in Paris, Orleans and Lille deal with calls made to the branches and process client e-mails.

In 2008, the NetÉpargne area of the BNP Paribas.net website was set up to inform customers and enable them to apply for savings accounts and life insurance products. A contact centre dealing with mortgage requests in less than 48 hours was also set up (Net Crédit Immo).

The new workstations operated by the client advisers are geared to managing client relations within a multi-channel framework.

As such, they represent the very heart of the system, whose effectiveness has been clearly proved after several years of use.

In addition, FRB has the largest network of Private Banking Centres in France ⁽¹⁾ with 218 units conveniently located across the country.

The new business approach adopted for business clients led to the emergence at the end of 2005 of a structure that is unique in the French banking sector. This new organisation is based on 26 Business Centres located throughout the whole of France, as well as a professional assistance service – Service Assistance Enterprise (SAE) – and Cash Customer Services (CCS).

Finally, the division is reengineering its back offices into Production and Sales Support Branches (PSSBs). Specialised by type of transaction, they span the whole of France and have fully integrated information systems. At end-2008, 76 specialist centres were in charge of transaction processing.

BNL BANCA COMMERCIALE

BNL banca commerciale (BNL bc) – ranking 6th in terms of total assets ⁽²⁾ – is one of the major players in the Italian banking and financial system, which is fully integrated in the European market and nowadays includes intermediaries of international stature as a result of the consolidation process in recent years.

BNL bc offers a wide and complete range of banking, financial and insurance products and services, from traditional ones to the more innovative, structured to satisfy, under a strictly segmented offering approach, all kinds of requirements of its considerable client base, represented by:

- around 2.5 million individual clients and 12,000 private clients (family groups);
- over 119,000 small businesses (turnover < 5 millions of euros);
- around 30,000 medium and large enterprises; and
- 16,000 local authorities and non-profitable entities.

In the course of 2008 the introduction of a reviewed client segmentation criteria has led to two notable changes: (i) clients with a turnover between 1.5 and 5 million euro, previously managed as medium-sized enterprises, have migrated to small business coverage; (ii) private clients are no longer counted as individual relationships but grouped according to family nucleus.

In the Retail & Private business, BNL bc reaches a significant positioning in lending (especially on residential mortgages, with a market share of over 6% ⁽³⁾), while consolidating a deposits' market share (around 3.5% ⁽³⁾) well ahead of its network penetration (2.3% ⁽³⁾ of the System in terms of number of branches).

Another point of strength of BNL bc is represented by the relations with Corporate and Local Authorities, where it boasts an average market share in the region of 5% ⁽³⁾ and 7% ⁽³⁾ respectively, with a market-recognised focus on cross-border payments, project and structured financing and

factoring (the specialised subsidiary Ifitalia ranks 3rd ⁽⁴⁾ in Italy in terms of credit outstanding).

To maximise its commercial franchise, BNL bc has deployed a distribution model designed to increase direct contact with clients, enhance the central role and flexibility of the sale network, improve the communication of commercial policies for both innovative and traditional products. In the framework of a multi-channel distribution approach, the network is organised under five regions ("direzioni territoriali") with a differentiated structure for the retail and the corporate business:

- 125 retail districts with nearly 750 retail agencies;
- 27 private banking centres;
- 21 corporate business centres with 51 corporate branches managing SME, Large Corporate and LAPS (Local Authorities Public Sector) portfolios.

Moreover, 5 Trade Centres are fully operational in Italy, offering enterprises a platform of products, services and solutions for cross-border activities and complementing BNP Paribas' international network which operates in 55 countries with 85 other centres. In parallel, the network of Italian Desks to assist Italian enterprises operating abroad and multinational groups with direct investments in Italy has been expanded to cover 12 countries, mainly in the Mediterranean area.

The multi-channel offering is completed by self-service positions (over 1,450 ATM and 20,000 POS – Points Of Sale with retailers), phone banking and e-banking for both retail and corporate clients.

Complementary to the organisational set-up are specialised local back-office units at regional level, which are closely interfaced with the distribution network, and operate on the basis of a model centred on boosting customer satisfaction, both internal and external, by providing high-quality and efficient services and ensuring an improved management of operating risk.

⁽¹⁾ Source: internal data.

⁽²⁾ Source: internal estimates based on published financial information as of 30 September 2008.

⁽³⁾ Source: Bank of Italy statistics as of 30 September 2008.

⁽⁴⁾ Source: Assifact as of 30 September 2008.

BANCWEST

In the United States, the retail banking business is conducted through BancWest Corporation, a company formed out of the 1998 merger between Bank of the West and First Hawaiian Bank, wholly-owned by BNP Paribas since the end of 2001. BancWest has completed a number of acquisitions since that date, the latest being Commercial Federal Corporation in December 2005.

Bank of the West offers a very large range of retail banking products and services to individuals, small businesses and corporate clients in 19 states in western and mid-western America. It also has strong national positions in certain niche lending markets, such as Marine, Recreational Vehicles, Church Lending, Small Business and Agribusiness.

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

In total, with close to 11,800 employees, 742 branches and total assets of almost USD 80 billion at 31 December 2008, BancWest currently serves some 5 millions client accounts. It is now the 6th-largest bank in the western United States by deposits ⁽¹⁾.

EMERGING MARKETS RETAIL BANKING

Emerging Markets Retail Banking now operates in 38 sites, covering the Mediterranean belt (795 branches), the Near & Middle East (62 branches), Africa (81 branches), Eastern Europe (950 branches) and French overseas departments & territories (60 branches).

Across all these regions, the business line gathers a total network of 1,948 branches, more than 4.7 million individual, small business and corporate clients, and more than 30,000 employees.

Business also operates in Asia through two partnerships with local banks, totalling 64 branches in China and 65 in Vietnam.

Since 2004, business has been developed very quickly: branches have been multiplied by 6, number of clients by 4. Operations have also been set up in 10 new countries since the end of 2004, through acquisitions (Turkey and China in 2005, Ukraine in 2006, Vietnam and Libya in 2007)

and organic development (Saudi Arabia, Kuwait, Israel, Mauritania and Russia).

As a consequence of this huge change, regional platforms have been created, and a new commercial strategy focusing on individuals and small and medium-sized companies has been launched recently.

Thanks to a strong client portfolio growth, these networks represent a single distribution platform for all the Group's operating entities: partnerships with Personal Finance in Turkey, Ukraine, Algeria, Morocco, and China; distribution of CIB financial structured products, development of CIB Trade Centers in many sites, creation of a joint-venture with Wealth Management.

PERSONAL FINANCE

BNP PARIBAS PERSONAL FINANCE: A NEW DIMENSION IN PERSONAL FINANCE

On 1 July 2008, BNP Paribas Personal Finance was formed, housing the Group's worldwide activities in consumer finance, mortgages and loan consolidation. With 29,000 staff in 30 countries and 4 continents, BNP Paribas Personal Finance leads the French and European Personal

Finance markets ⁽²⁾. Its aim is to help customers fulfil their plans, from the smallest purchase up to buying their home, while complying with its commitment to "responsible lending".

⁽¹⁾ Source: SNL Financial, 30 June 2008.

⁽²⁾ Source: annual reports of consumer finance companies.

EUROPEAN NUMBER ONE AND GLOBAL PLAYER ⁽¹⁾

BNP Paribas Personal Finance's aim is to help customers fulfil their plans, subject to their debt capacity. BNP Paribas Personal Finance is Europe's leading multi-specialist Personal Finance player, with a comprehensive range of solutions available at the point of sale (stores, car dealerships), through authorised business providers (brokers, estate agents, property developers) and directly via the internet and its customer relations centres. As a global player, BNP Paribas Personal Finance is aiming to be one of the world's Top 5 consumer finance providers.

A SOCIALLY RESPONSIBLE GLOBAL PLAYER

In the tough economic conditions of late 2008, the commitment to social responsibility is even more important for BNP Paribas Personal Finance and its Cetelem trading brand.

Its approach is based on four main pillars:

Lend responsibly

The aim is to promote access to credit across the widest possible number of people, while avoiding over-indebtedness. In France, BNP Paribas Personal Finance, under its Cetelem brand, reports annually on its four responsible lending indicators: refusal rate, percentage of loans with no payment incident, percentage of loans paid off entirely, and risk rate as a percentage of outstanding loans.

In 2008, these indicators were extended to the mortgage business.

Protect the environment

BNP Paribas Personal Finance's "Oxygen" programme, introduced in October 2007, aims to motivate employees and customers. Since the programme was launched, five initiatives have been developed, exemplified by the French carbon audit. For current and prospective customers, BNP Paribas Personal Finance has launched, under the Cetelem brand, products aimed at financing photovoltaic panels, in partnership with EDF ENR.

Help the helpers

Through the Cetelem Foundation, BNP Paribas Personal Finance is helping to develop microcredit and supports various humanitarian and social charities: *ATD Quart Monde*, *Secours Populaire Français*, *Secours Catholique*, *FACE (Fondation Agir Contre L'Exclusion)*, *SNC (Solidarités Nouvelles face au Chômage)*, *Adie (Association pour le Droit à l'Initiative Economique)*, *AGIRabcd*, *Cash de Nanterre*, *Réussir Aujourd'hui*.

Promote diversity

BNP Paribas Personal Finance knows how to carry out and facilitate change. To enable every member of staff to continue sharing its ambitious plans, human resources is one of its top priorities.

EQUIPMENT SOLUTIONS

Equipment Solutions uses a multi-channel approach (direct sales, sales via referrals or via partnerships) to offer corporate and business clients a range of rental solutions specific to each asset market, from financing to fleet outsourcing.

Equipment Solutions offers its end users and business providers the opportunity to outsource the credit, market or technical risks associated with corporate assets.

Equipment Solutions consists of three International Business Lines (IBL⁽²⁾) organised around assets and specially developed rental solutions:

- the passenger car and light commercial vehicle IBL managed by Arval, dedicated to operational leasing;
- the Technology Solutions IT, telecom and office equipment IBL run jointly by BNP Paribas Lease Group, specialised in equipment financing, and Arius, specialising in the leasing and management of IT equipment;
- the Equipment&Logistics Solutions IBL, covering construction, farming and transport equipment, which is run by specialists at BNP Paribas Lease Group and Artegy, dedicated to operational leasing for industrial vehicles.

Commercial real estate and other assets are managed by the local entities of BNP Paribas Lease Group.

Despite the deteriorating economic and financial environment, the Equipment Solutions business has maintained firm commercial impetus. Aside from real estate financing, the Equipment Solutions business ranks no.1 in Europe in terms of both outstandings and new business⁽³⁾.

In 2008, Arval's commercial activity remained very strong, with 210,000 new cars registration (up 17%/2007).

At end-2008, Arval leased a total of 602,000 vehicles, an increase of 12% during the year, and its total managed fleet comprised 688,000 vehicles. In terms of the leasing fleet, Arval leads the French market⁽⁴⁾ and ranks 2nd in Europe⁽⁵⁾. BNP Paribas Lease Group arranged 248,000 financing deals, taking its loans outstanding to EUR 21 billion.

⁽¹⁾ Source: annual reports of consumer finance companies.

⁽²⁾ IBL = International Business Lines.

⁽³⁾ Source: Leaseurope 2007.

⁽⁴⁾ Source: SNLVLD 2007.

⁽⁵⁾ Source: internal data.

ASSET MANAGEMENT & SERVICES

Asset Management & Services (AMS) provides a unique range of solutions to meet all the needs of institutional, corporate and retail investors.

AMS houses the all Bank's expertise in the highly buoyant markets of gathering, managing, protecting and administering its clients' assets, savings and wealth:

- Asset Management (BNP Paribas Investment Partners);
- Insurance (BNP Paribas Assurance);
- Wealth management (BNP Paribas Wealth Management Networks and BNP Paribas Wealth Management International);
- Savings and online brokerage (BNP Paribas Personal Investors);
- Securities services (BNP Paribas Securities Services);
- Real estate services (BNP Paribas Real Estate).

In 2008, each AMS business was a leader in its market.

AMS operates in 64 countries and employs almost 25,000 people of more than 70 different nationalities. It continues to expand its international reach, mainly in Europe, Asia and the Middle East, through new operations, acquisitions, joint ventures and partnership agreements.

AMS takes a client-focused, future-oriented approach and innovates continuously to provide the best products and services whilst maintaining the highest standards of sustainable development.

BNP PARIBAS INVESTMENT PARTNERS

BNP Paribas Investment Partners combines all the Asset Management businesses of BNP Paribas.

A single platform providing simplified and immediate access to a vast range of specialised partners, BNP Paribas Investment Partners is one of the biggest names in Asset Management in Europe ⁽¹⁾. At 31 December 2008, BNP Paribas Investment Partners had EUR 305 billion of assets under management ⁽²⁾, almost half of which was managed for institutional investors.

With 2,200 professionals serving clients in more than 70 countries, BNP Paribas Investment Partners draws on more than half a century of experience in Asset Management and has enjoyed strong growth over the last decade, punctuated by targeted acquisitions and the creation of joint ventures. This solid development reflects a clear multi-specialisation strategy and a partnership approach which has enabled BNP Paribas Investment Partners to consistently enrich its product and service offering with the support of companies that are experts in their particular field.

BNP Paribas Investment Partners is present in the major financial centres, including Paris, London, New York, Tokyo and Hong Kong. It also has first-rate knowledge of new markets thanks to its teams in Brazil, South Korea, China, India, Morocco, Turkey and Saudi Arabia. With 360 client relationship managers in 32 countries, BNP Paribas Investment Partners has a local presence that ensures close ties with its clients.

⁽¹⁾ Source: Watson Wyatt rankings at end-December 2007, "The World's 500 Largest Asset Managers".

⁽²⁾ Including assets under advisory.

⁽³⁾ Source: FFSA.

⁽⁴⁾ Source: in-house study based on information published by competitors.

ASSURANCE

BNP Paribas Assurance designs and sells products and services under two brands: BNP Paribas for products distributed by the BNP Paribas branch network in France, and Cardif for other networks and distribution partners in France and abroad.

It operates in 41 countries including 25 in Europe, 7 in Asia, 6 in Latin America, 2 in North America and 1 in Africa.

- The savings business includes the sale of life insurance policies to individuals in some ten countries. In France, it also provides companies with Group pension, end-of-career bonus and early retirement benefit contracts.
- In the protection business, it offers a broad range of products in many countries, including creditor insurance, bill protection, credit card protection, extended warranty, gap insurance and individual protection. In France, BNP Paribas Assurance markets both standard and personalised Group policies to large companies and SMEs.
- Property and casualty insurance in France is provided through Natio Assurance, a company owned equally with AXA. The products offered cover a wide range of risks and include comprehensive home insurance, automobile insurance, educational insurance, travel insurance, and legal protection coverage.

BNP Paribas Assurance's partners comprise 35 of the world's 100 leading banks plus a large number of financial institutions, including consumer credit companies, credit subsidiaries of car makers and major retail groups. BNP Paribas Assurance is France's 4th-largest life insurer ⁽³⁾ and is the world leader in creditor insurance ⁽⁴⁾.

WEALTH MANAGEMENT

In 2008 BNP Paribas rebranded its private banking business BNP Paribas Wealth Management, a more accurate reflection of the universal dimension of its private banking client relationships. It also carries a guarantee of security by being part of a strong global banking group, together with an ability to innovate and offer new investment techniques and products.

BNP Paribas Wealth Management provides high value-added products and services designed to meet the needs of a sophisticated clientele. The wealth management offering includes:

- estate planning services including estate organisation and advice on asset ownership methods;
- financial services: advice on asset allocation, investment products, securities and discretionary portfolio management;
- expert advice in specific fields such as art and real estate.

Wealth Management (WM) has been reorganised into two business lines: Wealth Management Networks (WMN) and Wealth Management International (WMI). WMN's role is to develop the wealth management business in countries where the Bank has a retail client base. WMI's role

is to develop the wealth management business in other markets where the Bank wants to gain a foothold or strengthen its existing position, by working closely with CIB and through partnerships or acquisitions.

Both business lines draw on the expertise of WM's support teams, for both financial and wealth management services and diversification activities, particularly philanthropy. Wealth Management also has an open-architecture offering. It sources solutions from the Group's other businesses (Asset Management, Securities Services, Insurance, Corporate Finance, Fixed Income, Equity Derivatives, etc.), as well as external providers.

In order to strengthen their ability to attract and advise the world's largest fortunes, WMI and WMN have created a "Key clients" unit responsible for global coverage of this segment.

BNP Paribas Wealth Management is the world's 6th private bank and is ranked no.4 in Western Europe ⁽¹⁾ with almost EUR 141 billion in client assets at year end 2008 and over 4,400 professionals in thirty countries. It ranks no.1 in France ⁽¹⁾ with EUR 56 billion of assets under management. The network comprises 219 private banking centres covering the whole of France and a dedicated wealth management department for clients with more than EUR 5 million of assets.

PERSONAL INVESTORS

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

- **Cortal Consors**, Europe's leading online savings and brokerage player for individuals ⁽²⁾, offers personalised investment advice and online trading services in five European countries: Germany, France, Spain, Belgium, and Luxembourg. Cortal Consors offers clients its investment advisory experience through several channels – online, telephone or face to face. Its broad range of independent products and services includes short-term investment solutions, mutual funds and life insurance. The range is supported by leading-edge online brokerage technology;
- **B*capital**, a brokerage firm, specialises in personalised advice on securities and derivatives as well as discretionary management for affluent clients. It provides clients with direct access to all markets, financial analysis, personalised portfolio advisory and portfolio management services;
- **Geojit** is one of the leading retail brokers in India. It provides brokerage services for equities, derivatives and financial savings products (funds and life insurance). Geojit also operates in the United Arab Emirates, Saudi Arabia, Oman, Bahrain and Kuwait, where it targets a principally non-resident Indian clientele. BNP Paribas is its main shareholder.

At 31 December 2008, BNP Paribas Personal Investors had 1.64 million clients and EUR 25.4 billion of assets under management, with 34% in equities, 35% in savings products or mutual funds and 31% in cash. BNP Paribas Personal Investors employs over 4,100 people.

⁽¹⁾ Source: Euromoney 2009 ranking.

⁽²⁾ Source: in-house study based on information published by competitors.

⁽³⁾ Source: internal data.

⁽⁴⁾ Source: in-house study based on information published by competitors.

The goal of BNP Paribas Personal Investors is to provide personal, independent investment advice and to strengthen its leading position in Europe and in emerging markets with strong savings potential.

BNP PARIBAS SECURITIES SERVICES

BNP Paribas Securities Services is the eurozone's leading securities services provider ⁽⁴⁾. The bank operates across the entire investment cycle, providing post-trade administration solutions to buy-side and sell-side financial institutions as well as corporates and issuers:

- sell-side clients (banks, broker-dealers, investment banks, market infrastructures) are offered customised services for clearing and settlement and global custody for all asset classes as well as outsourcing solutions for middle and back office activities;
- buy-side clients (asset managers, alternative fund managers, sovereign wealth managers, insurance companies, pension funds, fund distributors and promoters) have an array of custodian and fund administration services, including fund distribution support, transfer agency services, depository bank and trustee service, fund accounting, middle-office outsourcing and risk and performance measurement;
- corporates and issuers (originators, arrangers and corporations) are provided with a wide range of services including administrative services, securitisation as well as stock-option and employee-shareholder plan management.

BNP PARIBAS REAL ESTATE

BNP Paribas Real Estate employs 3,400 staff and is a leading provider of real estate services to companies ⁽³⁾ in Continental Europe, and is a major player in residential real estate in France ⁽³⁾.

The offering comprises a range of skills and is unrivalled in Europe, both in terms of its geographical reach and the diversity of its business offerings.

The unit serves companies, investors, local authorities, property developers and individuals.

International network

In commercial real estate, BNP Paribas Real Estate serves customers in 25 countries worldwide:

- it has a direct presence through 80 units in 13 countries, i.e. Germany, Belgium, Spain, France, Ireland, Italy, Jersey, Luxembourg, the UK, Romania, Bahrain, Dubai and India, along with a representative office in New York;
- it operates in a further 12 countries through alliances with local partners.

In residential real estate, BNP Paribas Real Estate's main activity is in France.

PRESENTATION OF THE BNP PARIBAS GROUP

Presentation of business lines

A variety of skills in six complementary real estate business lines

Transactions

In commercial real estate, BNP Paribas Real Estate markets properties including offices, business premises and retail units, and ranks no.1 in France, Germany and Luxembourg ⁽¹⁾.

In residential real estate, its 27 branches in France represent one of the leading networks for selling new and existing residential properties.

Advisory

In commercial real estate, BNP Paribas Real Estate advises clients to help them put together real estate projects, design and build working premises, optimise their real estate assets and so forth.

Valuation

BNP Paribas Real Estate values all types of real estate, including offices, retail units, hotels, warehouses and land, using international standards defined in the International Valuation & Accounting Standards and the RICS Red Book.

Property development in France and Italy

BNP Paribas Real Estate is one of France's leading real estate developers, and ranks 2nd in commercial real estate ⁽²⁾.

Investment Management Department

BNP Paribas REIM, BNP Paribas REIS and BNL Fondi Immobiliari manage EUR 8 billion of real estate assets in France – where it is one of the leading non-trading property investment trust (SCPI) managers – Italy and the UK.

Property Management

BNP Paribas Real Estate Property Management manages 24 million sq.m. of commercial real estate in Europe, including almost 12 million sq.m. in France where it is the market leader ⁽⁴⁾.

In residential real estate, it manages almost 29,000 housing units in France, including more than 5,500 units in serviced residences.

CORPORATE AND INVESTMENT BANKING

BNP Paribas Corporate & Investment Banking (CIB) employs 17,000 people across 53 countries. CIB provides financing, advisory and capital markets services, and accounts for 18% of Group revenues.

BNP Paribas CIB is a globally recognised leader in two areas of expertise: derivatives on all asset classes, and structured financing. BNP Paribas CIB also has a solid corporate advisory network in Europe and Asia, and has been expanding in emerging market countries for many years.

BNP Paribas CIB has 14,000 clients, consisting of companies, financial institutions, investment funds and hedge funds. They are central to BNP Paribas CIB's business model. Staff's main aim is to develop and maintain long-term relationships with clients, to support them in their investment strategy and meet their financing and risk management needs. More than 9,000 relationship managers work with these 14,000 clients, offering a wide range of services to enhance their strategy, supported by experts in BNP Paribas CIB's various business areas.

BNP Paribas CIB has a presence on all continents, and provides clients worldwide with a global perspective and a pioneering spirit, adapting solutions to suit local conditions.

BNP Paribas CIB benefits from the Group's large asset base and diverse business model, and is proving relatively resilient against the economic and financial crisis that has been affecting the banking sector for the last 18 months.

Although it has been affected, particularly by the market crisis in late 2008 following the failure of Lehman Brothers, BNP Paribas CIB has remained the world's no.2 corporate and investment banking unit in terms of profitability ⁽³⁾ since the subprime crisis broke. BNP Paribas CIB has received numerous industry awards. These awards recognise

the esteem in which it is held by market operators, both clients and competitors, together with its professionalism and the excellent quality of its franchises. These awards include:

- Best Investment Bank in France - *Euromoney* – July 2008;
- Most Innovative in Islamic Finance - *The Banker* – October 2008;
- Global Loan House - *IFR* – December 2008;
- Structured Products House of the Year - *Risk Magazine* – January 2009;
- Equity Derivatives House of the Year 2009 - *Risk Magazine* – January 2009 and *IFR Magazine* – December 2008;
- Euro Bond House - *IFR* – December 2008;
- Inflation Derivatives House of the Year - *Risk Magazine* – January 2009;
- Best Commodity and Energy Finance Bank - *Trade Finance Magazine* – June 2008;
- World's Best Global Bank in Trade Finance - *Global Finance* – August 2008.

I – CONFIRMED LEADERSHIP IN FINANCING ACTIVITIES IN 2008

Structured Finance

Structured Finance (SF) operates in the area where lending and capital markets activities meet. It designs customised financing products for a global clientele. SF operates in over 30 countries, with more than 1,600

⁽¹⁾ Source: internal data.

⁽²⁾ Source: "Classement des promoteurs" published by *Innovapresse* in June 2008.

⁽³⁾ Source: *BNPP CIB*, cumulative pre-tax income since July 2007.

⁽⁴⁾ Source: internal data.

experts worldwide, and manages the full financing process including origination, structuring and execution of the structured debt, and syndication. Despite adverse market conditions, 2008 was an exceptional year, with excellent results.

SF is a leading player in the following business areas:

- **energy and commodity financing:** this business specialises in financing companies operating in energy and commodities (oil, gas, metals and softs), providing short-term financing suited to all phases from production to the final buyer, along with longer-term financing structured around the natural resources being produced;
- **asset financing** provides a broad range of products for the financing of non-current assets, i.e. real estate financing, aircraft and maritime financing and export financing. It also develops innovative leasing structures;
- **leveraged financing and project financing** provide long-term funding for projects whose revenues depend on future cash flows. These activities also cover refinancing and restructuring, along with leveraged debt repurchasing. The business also includes financing in the media and telecoms sectors;
- the **corporate acquisition finance** teams arrange and provide medium- and long-term facilities to fund strategic acquisitions, either through private deals or through public tender offers;
- finally, the **syndication and trading** teams cover all of the Group's syndicated loan activities worldwide. They set prices and syndicate the debt of BNP Paribas clients among other banks and institutional investors. This business also includes insurance services, covering financing providers against strategy and credit risks through the private insurance market.

Once again in 2008, Structured Finance won a number of awards acknowledging the excellence of its staff and the quality of its service:

- Global Loan House - IFR - December 2008;
- EMEA, Asia Pacific Et Latam Loan House - IFR - December 2008;
- Syndicated Loan House of the Year - Financial News - December 2008;
- Best Energy Commodity Finance Bank - Trade Finance Magazine - June 2008;
- Energy Finance House of the Year - Energy Risk - June 2008;
- Global Adviser of the Year - Project Finance International (published by Thomson Reuters) - January 2009;
- Aircraft Leasing Innovator of the Year - Jane's Transport Finance - December 2008;
- Ship Financier of the year - Lloyd's List - April 2008;
- No.1 Bookrunner of EMEA Syndicated Loans - Bloomberg - full year 2008, published in January 2009;
- No.1 MLA of all Export Credit Agencies backed transactions - Dealogic - full year 2008 published in January 2009;

- No.2 MLA of global project finance loans - Project Finance International (Thomson Reuters) - full year 2008 published in January 2009;
- No.1 Bookrunner of EMEA acquisition/demerger finance by number of deals and No.2 by volume - Thomson Reuters - full Year 2008 published in January 2009.

Corporate & Transaction Group

Corporate & Transaction Group (CTG) combines all of BNP Paribas CIB's flow product activities within a single unit. This gives customers a comprehensive, integrated service combining product expertise with dedicated sales staff.

CTG's sales force consists of around 220 professionals worldwide, and its goal is to meet all of its clients' needs through a broad range of products spanning Trade Finance, Cash Management and plain-vanilla fixed-income products.

In Trade Finance, CTG has a network of 90 Trade Centers housing 250 award-winning specialists: once again in 2008, BNP Paribas was named the "World's Best Global Bank in Trade Finance" by *Global Finance* (August 2008) and no.2 Mandated Arranger of Global Trade Finance Loans (*Dealogic* - full Year 2008, published in January 2009).

Our Cash Management business operates in 59 territories, employing 120 experts, and provides cash flow and Cash Management services to international companies. These services are supported by leading-edge technologies, and provide broad geographical coverage. Our international offering had a Top 10 ranking in the *Euromoney* 2008 poll.

II - ADVISORY AND CAPITAL MARKETS: AFFECTED BY THE CAPITAL MARKETS CRISIS IN 2008

Corporate Finance

Corporate Finance offers advisory services for mergers and acquisitions and primary equity capital market transactions. The M&A teams advise both buyers and targets and also offer advice on other strategic financial issues, such as privatisations. Primary capital market services include flotations, equity issues, secondary issue placements, and convertible/exchangeable bond issues. Corporate Finance employs almost 400 professionals in a global network, combining the skills of sector, geographical and product specialists. The business is mainly focused on Europe and Asia. In the last two years, BNP Paribas CIB has also developed its presence in Russia, Middle East and Latin America. For the fourth consecutive year, BNP Paribas CIB ranked no.1 in the French M&A advisory market in 2008 ⁽¹⁾. In the same survey, it ranked among the world's Top 10 banks for the first time, and was no.9 in Europe (M&A - deals announced), confirming its international development while maintaining its leadership in France. As regards primary equity deals, BNP Paribas CIB ranked 10th in Europe in the Thomson Reuters survey (full Year 2008, published in January 2009).

⁽¹⁾ Source: Thomson Reuters, full year 2008, published in January 2009.

Corporate Finance also won various awards in 2008, showing its excellence in its two main markets of Europe and Asia:

- "France M&A Adviser of the Year" and "Iberia M&A Adviser of the Year", *Acquisitions Monthly* – December 2008;
- "Financial Advisor of the year for France", *FT Mergermarket* December 2008;
- "Rising Star M&A House" and "Best Mid Cap Equity Issue" in Asia, *The Asset* December 2008.

Global Equity & Commodity Derivatives (GECD)

BNP Paribas CIB's Global Equities & Commodity Derivatives (GECD) division has three complementary business lines: commodity derivatives, BNP Paribas Securities Asia and equity derivatives.

The **commodity derivatives teams** provide comprehensive commodity risk management solutions. With around 180 staff across 6 international trading platforms, teams operate both in organised and OTC markets. The Futures team acts as an intermediary for clients, providing execution, clearing and margin financing services for contracts traded in the main European, American and Asian commodity markets. The OTC team provides a market-making service suited to client requirements, acting as a swaps and options counterparty for bilateral trades. The team covers all industrial commodities (metals, energy, softs) and new markets such as carbon emissions rights and freight.

BNP Paribas Securities Asia provides institutional investors with a comprehensive range of research, execution and service distribution for Asian equities and equity derivatives in Asia. BNP Paribas Securities Asia's staff are based mainly in Hong Kong and cover the whole of Asia, particularly China, Japan, India, South Korea, Taiwan and Southeast Asia (Singapore, Indonesia, Malaysia and Thailand). Overall, the unit has more than 250 staff working in the secondary markets and providing a distribution platform for the primary and derivatives markets.

BNP Paribas CIB's **equity derivatives** business line encompasses research, structuring, trading and sales of equities, equity derivatives, indices and funds. With some 1,500 front-office staff based across five core platforms, the business line is active on both the primary and secondary markets: Paris, London, Tokyo, Hong Kong and New York. Equity derivatives products are aimed at financial institutions, hedge funds, companies and individuals in more than 60 countries. GECD is a leading player in structured products⁽¹⁾. In the last few years it has also developed a complete range of flow products that address client needs as regards financing, indexation, leveraged borrowing, coverage and market access. Through its in-house skills in product design, along with the large resources dedicated to developing products incorporating new strategies, the equity derivatives business offers innovative solutions tailored to the needs of clients in all market environments.

BNP Paribas' skills in equity derivatives are shown by the numerous awards it has won:

- Structured Products House of the Year - *Risk Magazine* – January 2009;

- Equity Derivatives House of the Year - *Risk Magazine* – January 2009;
- Most Innovative in Equity Derivatives - *The Banker* – October 2008;
- Equity Derivatives House - *IFR* – December 2008.

More recently, GECD has strengthened its position in the USA, acquiring the equity prime brokerage business of Bank of America. This now enables it to offer a wide range of services to US hedge funds and mutual funds. The deal gave GECD an additional 500 clients and 300 staff.

Fixed Income, Foreign Exchange and Credit activities

BNP Paribas CIB's fixed income, forex and credit business line is a major provider of global solutions in these areas. Its talented team has built a large global client base. The business line covers a broad range of products and services, including origination, syndication, trading, sales, structuring and research. It has acquired a reputation for excellence in all asset classes.

The business model is client-centric: teams of dedicated experts meet the needs of clients (pension funds, investment funds, central banks, corporations, insurance companies, governments and supranational organisations) in areas such as bond issues, interest rate, forex and credit derivatives and structured products. In 2008, BNP Paribas CIB ranked among the Top 10 bookrunners for global bond issues⁽²⁾ and no.2 bookrunner for euro-denominated bond issues⁽²⁾.

The unit's fixed-income, forex and credit specialists also offer a full range of research products and services underpinning its client-focused approach, with research analysts available for one-on-one client support. They also produce an extensive array of research notes and reports that are available through a variety of channels, including the Global Markets web portal. Research methods are underpinned by pioneering quantitative techniques delivered by a group of world-class experts.

League tables show BNP Paribas' strength in this area: "no.3 for Overall Investment Grade Research" and "no.1 for Utilities" in the Euromoney Fixed Income research poll 2008 and "no.3 Globally for Issuer Research" in the Euromoney Primary debt poll 2008.

This global network allows the unit to provide clients with a complete range of tailor-made services on a global scale across a broad range of markets and currencies. With headquarters in London, five other trading floors in Hong Kong, New York, Paris, Singapore and Tokyo, and additional regional offices throughout Europe, the Americas, the Middle East and Asia-Pacific, the fixed income, forex and credit business employs around 1,900 professionals globally.

⁽¹⁾ Source: *Risk Magazine*, January 2009.

⁽²⁾ Source: Thomson Reuters, Full year 2008, published in January 2009.

In 2008, the fixed income and forex business not only consolidated and improved its rankings across the full range of activities and regions, but also broke new ground in several areas, as demonstrated by a number of prestigious awards received from leading industry publications:

- bond bookrunner in all currencies and segments (full year 2008, published in January 2009):
 - No.2 for all Euro-denominated (5 in 2007) – *IFR*,
 - No.3 for all Swiss-franc-denominated (3 in 2007) – *IFR*,
 - No.6 for all Sterling-denominated (8 in 2007) – *IFR*,
 - No.4 for all Covered bonds, all currencies (4 in 2007) – *IFR*,

- No.4 for all Global and Euromarket yen (8 in 2007) – ;
- Derivatives and structured products:
 - Inflation Derivatives House of the Year – *Risk 2009* – January 2009,
 - Structured Products House of the Year – *Risk 2009* – January 2009,
 - Best Credit Derivatives House *Euromoney 2008* – July 2008,
 - Interest Rates House of the Year – Structured Products Europe 2008 – November 2008.

BNP PARIBAS “PRINCIPAL INVESTMENTS”

BNP Paribas Principal Investments includes BNP Paribas Capital, along with the Listed Investment and Sovereign Loan Management businesses.

BNP PARIBAS CAPITAL

BNP Paribas Capital manages the Group's proprietary portfolio of unlisted investments outside of the banking sector.

This portfolio had an estimated value of EUR 3.3 billion at 31 December 2008 and is split into four segments:

- directly held strategic investments;
- directly held minority stakes;
- investments in funds;
- joint investments made simultaneously with funds or institutional investors.

KLÉPIERRE

Founded in 1990, Klépierre is a real estate investment company (SIIC) listed on Euronext Paris™ (compartment A). With a market capitalisation of EUR 2,909 million⁽¹⁾, Klépierre is Europe's second-largest owner of shopping centres.

Klöpierre operates in 13 European countries including France, Norway, Italy and Spain, and has a portfolio worth EUR 13,075 million, mainly in shopping centres.

Through its subsidiary Ségécé, Klöpierre is also continental Europe's leading shopping centre manager. Ségécé manages 322 centres, including 246 owned by Klöpierre, providing retailers with the expertise and professionalism born of more than half a century of experience. In 2008, Klöpierre expanded its European operations with the acquisition

LISTED INVESTMENT AND SOVEREIGN LOAN MANAGEMENT

The Listed Investment and Sovereign Loan Management unit has two functions. Its overall mission is to derive the greatest possible value from its assets over the medium term. This perspective clearly differentiates the business from a trading activity.

The Listed Investment Management team is in charge of BNP Paribas' portfolio of minority stakes in listed companies.

Sovereign Loan Management's mission is to restructure sovereign loans through the London Club and to manage the portfolio of emerging market sovereign debt, such as Brady bonds, Eurobonds and restructured loans.

of Steen & Strøm, Scandinavia's leading shopping centre owner. Steen & Strøm manages 56 shopping centres including 30 of its own.

Klémurs is a SIIC that is 84.1%-owned by Klöpierre and has been listed since December 2006. It specialises mainly in retail real estate, assets outsourced by leading retailers. The combination of Klöpierre and Klémurs provides retailers with a comprehensive solution to their real estate needs. Klémurs' portfolio, which is valued at EUR 642.1 million, is spread across the whole of France.

Klöpierre also lets and manages a portfolio of mostly prime office properties in Paris and the inner suburbs, valued at EUR 1,068.9 million.

Overall, Klöpierre's portfolio is worth EUR 14.8 billion.

Klöpierre employs more than 1,500 people across Europe.

⁽¹⁾ Value at 12/31/2008.

1.5 BNP Paribas and its shareholders

SHARE CAPITAL

At 31 December 2007, BNP Paribas' share capital stood at EUR 1,810,520,616 divided into 905,260,308 shares. Details of the historical evolution of the capital are provided in the "Changes in share capital" section of the Activity Report.

In 2008, two series of transactions led to changes in the number of shares outstanding:

- 1,149,570 shares were issued through the exercise of stock options;
- 5,360,439 shares were issued as part of a capital increase reserved for employees.

At 31 December 2008, BNP Paribas' share capital stood at EUR 1,823,540,634 divided into 911,770,317 shares with a par value of EUR 2 each ⁽¹⁾. The shares are all fully paid-up and are held in registered or bearer form at the choice of their holders, subject to compliance with the relevant legal provisions. None of the Bank's shares entitle their holders to an increased dividend or double voting rights or limit the exercise of voting rights.

CHANGES IN SHARE OWNERSHIP

Changes in the Bank's ownership structure over the last three years are as follows:

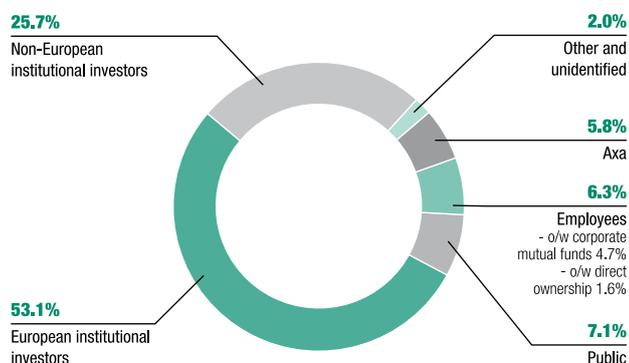
SHAREHOLDERS	31 December 2006		31 December 2007		31 December 2008	
	Number of shares (in millions)	% of capital and voting rights ⁽¹⁾	Number of shares (in millions)	% of capital and voting rights ⁽¹⁾	Number of shares (in millions)	% of capital and voting rights ⁽¹⁾
AXA	52.65	5.70%	53.56	5.9%	53.08	5.8%
Employees	49.36	5.3%	52.64	5.8%	57.69	6.3%
- o/w corporate mutual funds	35.86	3.9%	38.53	4.2%	42.75	4.7%
- o/w direct ownership	13.50	1.4%	14.11	1.6%	14.94	1.6%
Corporate officers	0.26	nm	0.36	nm	0.43	nm
Treasury shares ⁽¹⁾	19.25	2.10%	9.14	1.0%	5.46	0.6%
Public	59.55	6.40%	57.00	6.3%	64.36	7.1%
Institutional investors	693.47	74.5%	717.40	79.3%	717.75	78.8%
(o/w "Socially Responsible Investors")	(7.5)	(0.8%)	(9.52)	(1.1%)	(3.92)	(0.4%)
- Europe	480.61	51.6%	516.54	57.1%	484.10	53.1%
- Outside Europe	212.86	22.9%	200.86	22.2%	233.65	25.7%
Other and unidentified	55.93	6.0%	15.16	1.7%	13.00	1.4%
TOTAL	930.47	100%	905.26	100%	911.77	100%

⁽¹⁾ Excluding trading desks' working positions.

⁽¹⁾ In accordance with article 223-11 of the AMF's General Regulations, the number of voting rights must be calculated on the basis of all shares to which voting rights attach, including those on which voting rights are not exercised such as treasury shares. Since BNP Paribas uses the "1 share = 1 vote" principle, percentages of the capital are the same as percentages of voting rights.

⁽¹⁾ Since the end of the financial year, 325,790 shares have been created following the exercise of options. As a result, at 23 January 2009, BNP Paribas' share capital stood at EUR 1,824,192,214 divided into 912,096,107 shares with a par value of EUR 2 each.

▶ BNP PARIBAS OWNERSHIP STRUCTURE AT 31 DECEMBER 2008



To the company's knowledge, no shareholder other than AXA owns more than 5% of its capital or voting rights. To BNP Paribas' knowledge, there is no agreement, whose execution at a later date could lead to a change in its control.

LISTING INFORMATION

When the shareholders of BNP and Paribas approved the merger between the two banks at the Extraordinary General Meeting of 23 May 2000, BNP shares became BNP Paribas shares. The Euroclear-France code for BNP Paribas is the same as the previous BNP code (13110). Since 30 June 2003, BNP Paribas shares have been registered under ISIN code FRO000131104.

BNP shares were first listed on the Cash Settlement Market of the Paris Stock Exchange on 18 October 1993, following privatisation, before being transferred to the Monthly Settlement Market on 25 October of that year. When the monthly settlement system was discontinued on 25 September 2000, BNP Paribas shares became eligible for Euronext's Deferred Settlement Service (SRD). The shares are also traded on SEAQ International in London and on the Frankfurt Stock Exchange. Since 24 July 2006 they have been traded on the MTA International in Milan and they have been listed on the Tokyo Stock Exchange since 13 March 2000 (and the First Section since 7 February 2005). Since privatisation,

a Level 1 144A ADR programme has been active in the USA, where JP Morgan Chase is the depositary bank (2 ADRs correspond to 1 BNP Paribas share).

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

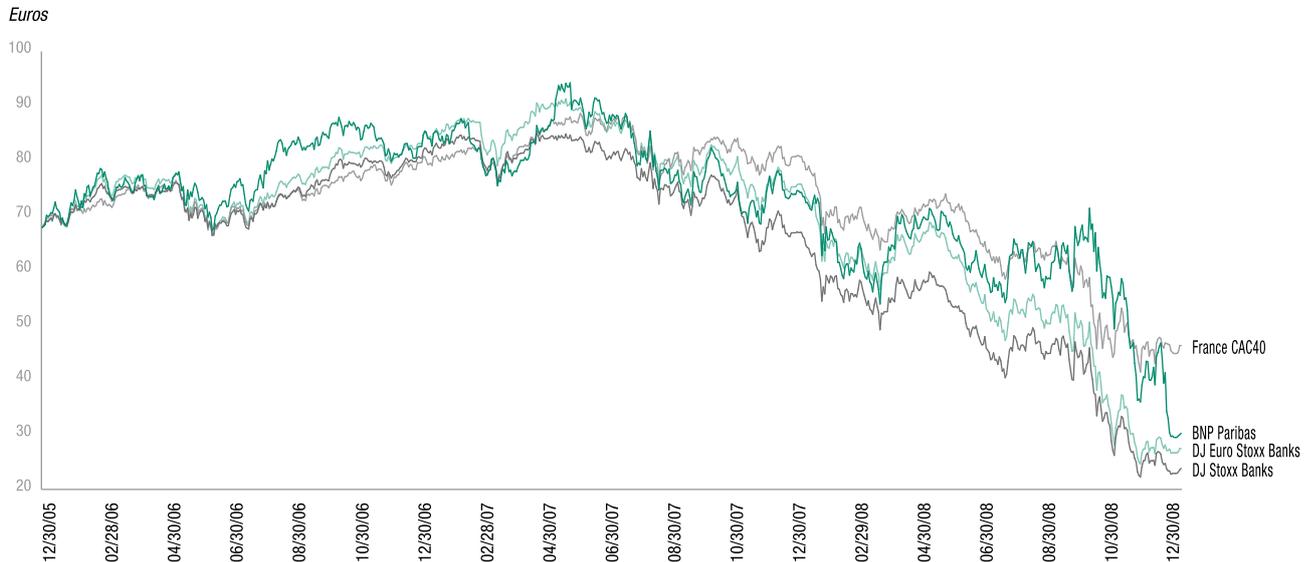
BNP became a constituent of the CAC 40 index on 17 November 1993 and of the Euro Stoxx 50 index on 1 November 1999. Since 18 September 2000, it has been a constituent of the Dow Jones Stoxx 50 index. In 2007, BNP Paribas joined the Global Titans 50, an index comprising the 50 largest corporations worldwide.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

PRESENTATION OF THE BNP PARIBAS GROUP

BNP Paribas and its shareholders

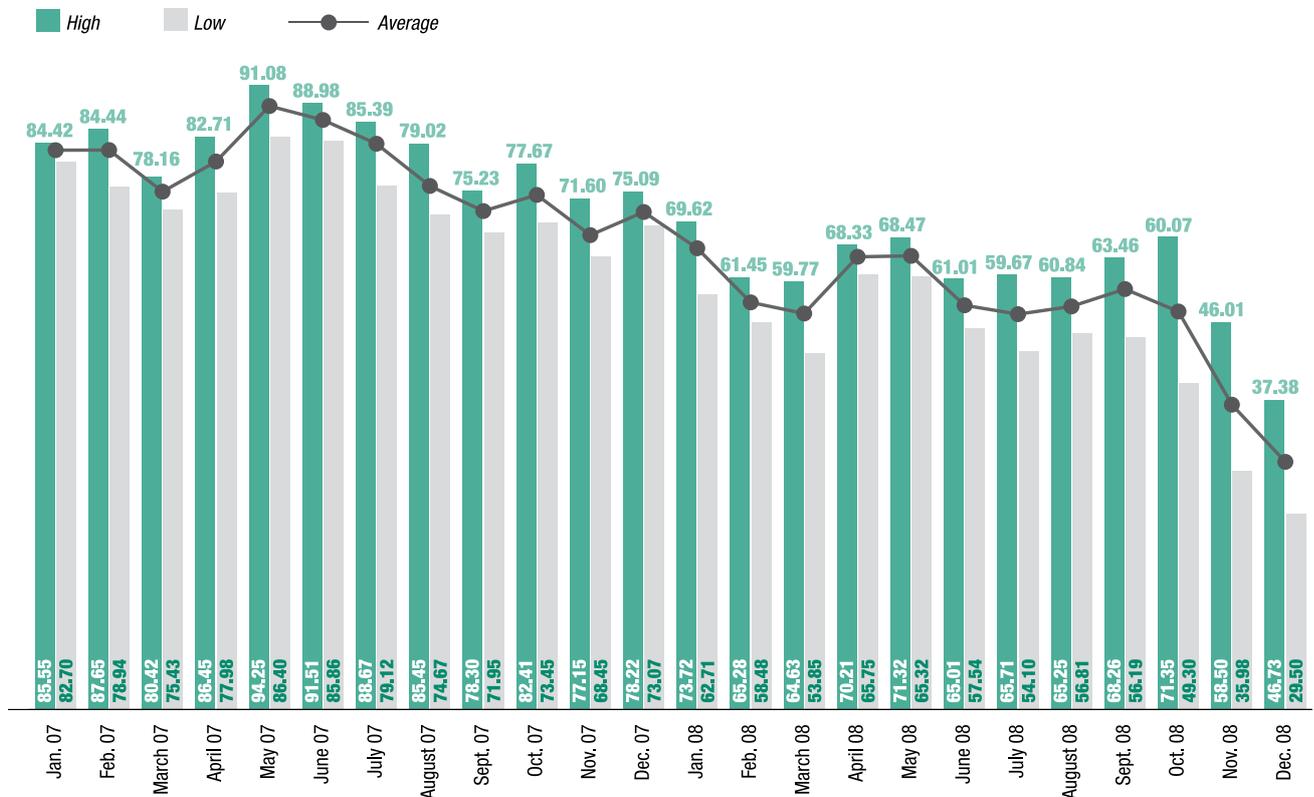
► SHARE PERFORMANCE BETWEEN 31 DECEMBER 2005 AND 31 DECEMBER 2008

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



Source: Datastream

► AVERAGE MONTHLY SHARE PRICES AND MONTHLY HIGHS AND LOWS SINCE JANUARY 2007



■ On 31 December 2008, the share price was EUR 30.25, 59.24% lower than it had been on 31 December 2007 (EUR 74.22). Over the same period, the CAC 40 fell by 42.68%, the DJ EuroStoxx Banks was down 63.74% and the DJ Stoxx Banks was down 64.38%.

■ Between 30 December 2005 and 31 December 2008, the share price fell by 55.40% against a 31.75% decline for the CAC 40, but a 59.51% fall for the DJ EuroStoxx Banks and a 64.85% drop for the DJ Stoxx Banks. After reaching an all-time high at EUR 94.25 in May 2007, BNP Paribas' share price was dragged down by the widespread loss

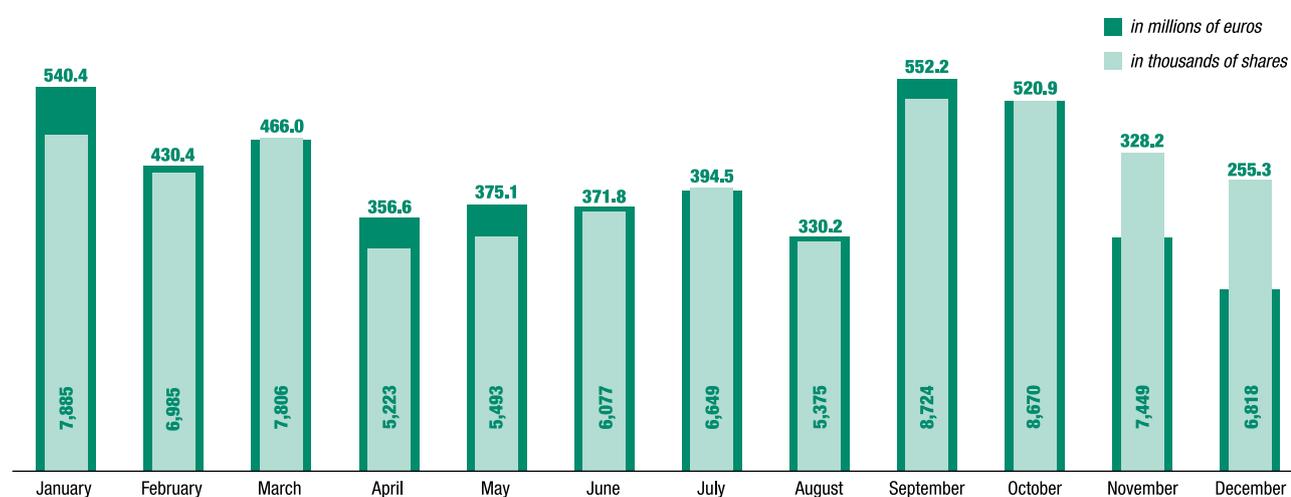
of confidence in financial institutions, triggered by the subprime mortgage crisis in the US. However, because of BNP Paribas' lower exposure to the crisis compared with many competitors, its share price performance compared very well with banking-sector indexes until October 2008. The market dislocation resulting from the Lehman collapse affected the Group's business, and in turn this pushed down its share price in late 2008, wiping out much of its outperformance against bank indexes until that point.

- At 31 December 2008, BNP Paribas' market capitalisation was EUR 27.6 billion, making it the 8th-ranked stock in the CAC 40, down

two places relative to end-2007. In terms of free float, BNP Paribas is the 7th-ranked CAC 40 stock (down from third at end-2007). BNP Paribas had the 19th-largest free float in the DJ EuroStoxx50 index at end-2008, down from 11th place a year before.

- Daily trading volume on Euronext Paris averaged 6,936,205 shares in 2008, up 19.2% on the 2007 figure of 5,821,304. This is a clear indication of the stock's increasing liquidity.

▶ TRADING VOLUME ON EURONEXT PARIS IN 2008 (DAILY AVERAGE)



Source: Euronext Paris

KEY SHAREHOLDER DATA

In euros	French GAAP		IFRS		
	2004	2005	2006	2007	2008
Earnings per share ^{(1) (*)}	5.5	7.0	8.0	8.5	3.1
Net assets per share ^{(2) (*)}	35.9	45.8	49.8	52.4	47.0
Net dividend per share	2.00	2.60	3.10	3.35	1.00 ⁽³⁾
Payout rate (%) ⁽⁴⁾	37.9	37.4	40.3	39.8	33.0 ⁽³⁾
Share price					
High ^{(5) (*)}	54.57	68.71	88.50	95.07	75.41
Low ^{(5) (*)}	45.71	50.31	66.65	67.54	28.50
Year-end ^(*)	52.89	67.82	82.65	74.22	30.25
CAC 40 index on 31 December	3,821.16	4,715.23	5,541.76	5,614.08	3,217.97

⁽¹⁾ Based on the average number of shares outstanding during the year.

⁽²⁾ Before dividends. Net book value based on the number of shares outstanding at year-end.

⁽³⁾ Subject to approval at the Annual General Meeting of 13 May 2009.

⁽⁴⁾ Dividend recommended to the AGM, expressed as a percentage of net income adjusted for coupons on undated super-subordinated notes (TSSDs).

⁽⁵⁾ Registered during trading.

^(*) Data in the above table have been adjusted to reflect the share issue with preferential subscription rights in March 2006 (adjustment ratio = 0.992235740050131).

CREATING VALUE FOR SHAREHOLDERS

TOTAL SHAREHOLDER RETURN (TSR)

Calculation parameters

- Dividends reinvested in BNP shares, then in BNP Paribas shares; 50% tax credit included until tax credit system abolished in early 2005.
- Returns stated gross, i.e. before any tax payments or brokerage fees.

Calculation results

The following table indicates, for various periods ending on 31 December 2008, the total return on a BNP share, then a BNP Paribas share, as well as the effective annual rate of return.

Holding period	Investment date (opening price)	Share price at the investment date (euros)	Number of shares at end of calculation period (12/31/2008)	Initial investment multiplied by	Effective annual rate of return
Since privatisation	10/18/1993	36.59	3.5722	x 2.95	+7.38%
15 years	01/03/1994	43.31	3.2514	x 2.27	+5.62%
14 years	01/03/1995	37.20	3.193	x 2.60	+7.05%
13 years	01/02/1996	33.57	3.126	x 2.82	+8.29%
12 years	01/02/1997	30.40	3.0353	x 3.02	+9.65%
11 years	01/02/1998	48.86	2.9402	x 1.82	+5.60%
10 years	01/04/1999	73.05	2.88	x 1.19	+1.78%
Since inception of BNP Paribas	09/01/1999	72.70	2.802	x 1.17	+1.66%
9 years	01/03/2000	92.00	2.802	x 0.92	-0.91%
8 years	01/02/2001	94.50	2.7257	x 0.87	-1.69%
7 years	01/02/2002	100.40	2.637	x 0.795	-3.23%
6 years	01/02/2003	39.41	1.276	x 0.98	-0.34%
5 years	01/02/2004	49.70	1.2274	x 0.75	-5.66%
4 years	01/03/2005	53.40	1.1766	x 0.67	-9.66%
3 years	01/02/2006	68.45	1.135	x 0.50	-20.57%
2 years	01/02/2007	83.50	1.0876	x 0.39	-37.27%
1 year	01/02/2008	74.06	1.051	x 0.43	-57.17%

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

FIVE-YEAR COMPARISON OF AN INVESTMENT IN BNP PARIBAS SHARES AT AN OPENING PRICE OF EUR 49.70 AT 01/02/2004 WITH THE "LIVRET A" PASSBOOK SAVINGS ACCOUNT AND MEDIUM-TERM GOVERNMENT BONDS

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

Total return on an investment in BNP Paribas shares

Initial investment = 1 share at the opening price on 2 January 2004 = EUR 49.70

Dividends reinvested.

Exercise of pre-emptive rights to subscribe for shares in the March 2006 share issue.

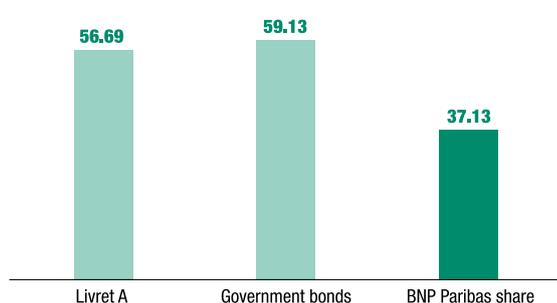
Value at 31 December 2008: 1.2274 shares at EUR 30.25, i.e. EUR 37.13.

Investment of EUR 49.70 on 1 January 2004 in a "Livret A" passbook account:

The interest rate on the investment date was 2.25%, reduced to 2% on 08/01/2005. The interest rate was increased to 2.25% on 1 February 2006 and to 2.75% on 1 August 2006, and to 3% on 1 August 2007. The interest rate was increased twice more in 2008, to 3.50% on 1 February and to 4% on 1 August. At 31 December 2008, this investment was worth EUR 56.69, an increase of EUR 6.99 (+14.1%), as opposed to a decrease of EUR 12.57 per BNP Paribas share over the same period (-25.30%).

► VALUE AT 12/31/2008 OF A EUR 49.70 INVESTMENT MADE ON 01/02/2004

In euros



Investment of EUR 49.70 on 1 January 2004 in 5-year French government bonds

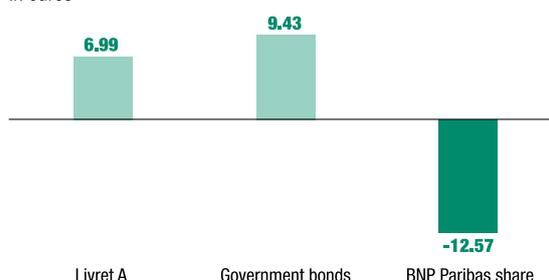
The five-year interest rate (BTAN) on that date was 3.553%. At the end of each subsequent year, interest income is reinvested in a similar note on the following terms:

- 2.8986% (BTAN) in January 2005 for 4 years;
- 2.94696% (BTAN) in January 2006 for 3 years;
- 3.88011% (BTAN) in January 2007 for 2 years;
- 4.745% in January 2008 for 1 year (Euribor).

At the end of five years, the accrued value of the investment is EUR 59.13, representing a growth of EUR 9.43 (+18.97%), as opposed to a EUR 12.57 decline for an investment in a BNP Paribas share.

► COMPARATIVE TOTAL 5 YEAR RETURN FOR AN INVESTMENT OF EUR 49.80

In euros



COMMUNICATION WITH SHAREHOLDERS

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

The Investor Relations team informs institutional investors and financial analysts, in France and abroad, of the Group's strategies, major events concerning the Group's business and, of course, the Group's quarterly results. In 2009, for example, the following dates have been set ⁽¹⁾:

- 19 February 2009: publication of 2008 results;
- 6 May 2009: results for the first quarter of 2009;
- 4 August 2009: publication of 2009 half-year results;
- 5 November 2009: results for the third quarter and first nine months of 2009.

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

The Individual Shareholder Relations Department provides information and deals with queries from the Group's 670,000 or so individual shareholders (source: 31 December 2008 TPI Survey). A half-yearly financial newsletter informs both members of the "Cercle BNP Paribas"

and other shareholders of important events concerning the Group, and a summary of the matters discussed during the Annual General Meeting is sent out in July. During the year, senior management presents the Group's policy to individual shareholders at meetings organised in various French cities and towns. For example, in 2008, meetings were held in Versailles on 17 June, Nice on 24 June and Rennes on 30 September. BNP Paribas representatives also met and spoke with over 1,000 people at the "Actionaria" shareholder fair held in Paris on 21 and 22 November 2008.

BNP Paribas' Shareholders' Guide

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

In 1995, the "Cercle BNP Paribas" was set up for individual shareholders holding at least 200 shares. The Cercle currently has 55,000 shareholder members. Three times a year, in alternation with financial newsletters, they receive *La Vie du Cercle*, a publication inviting them to take part in artistic and cultural events with which BNP Paribas is associated, as well as training sessions. These include seminars on trading in equities (including technical analysis and financial research), on private Asset Management and warrants, as well as economic-update sessions, organised by BNP Paribas teams specialising in these fields. In addition, the Bank regularly organises scientific conferences and visits to industrial sites. The seminars are held in Paris and the provinces, on weekdays and the weekend, to enable as many people as possible to attend. Illustrating the growing variety of the offering, 409 events were organised for 16,230 participants in 2008, as opposed to 389 events for 16,351 participants in 2007. Shareholders can obtain information about these services by dialling a special freephone number (in France): 0800 666 777. A telephone news service can also be accessed through the same number, offering a wide range of information to BNP Paribas shareholders, such as the share price, shareholders' events, news and interviews. Finally, the Cercle BNP Paribas's own website was set up in 2008, providing information about the Cercle's services.

The BNP Paribas website (<http://invest.bnpparibas.com>) can be consulted in both French and English. Large portions of the website are also available in Italian. It provides information on the Group, including press releases, key figures and details of significant developments and presentations. All financial documents such as Annual Reports and Registration Documents can also be viewed and downloaded. Publications compiled by the Bank's Economic Research unit can be viewed on the website. The website also naturally features the latest share performance data and comparisons with major indexes. Among the website's features is a returns calculation tool.

The Investors/Shareholders section now includes all reports and presentations concerning the Bank's business and strategy, irrespective of the original target audience (individual shareholders, institutional investors, asset managers or financial analysts). The website also has a section entitled "To be a shareholder", which was specifically designed with individual shareholders in mind, offering information tailored to their needs and details of proposed events. In addition, there is a specific section dedicated to the Annual General Meeting of Shareholders, which includes information regarding the conditions for attending the meeting,

ways of voting, practical questions, as well as a presentation of the resolutions and the complete text of all speeches made by corporate officers. Webcasts of the sessions can be viewed by going to the section entitled "General shareholders meeting" then by clicking on the relevant meeting in the submenu. In response to the expectations of individual shareholders and investors, and to meet increasing transparency and regulated reporting requirements, BNP Paribas relaunched the "Investors/Shareholders" section of its website in late 2008. Content has been enhanced, including an improved glossary, and new functions have been added. The site is now more user-friendly and easier to navigate around. The financial calendar gives the dates of important forthcoming events, such as the AGM, results publications and shareholder seminars.

BNP Paribas ranked among the winners of the Boursorama 2008 website survey

Boursorama and its partner OpinionWay, a consultancy specialising in analysing individual shareholder behaviour, have for the past eight years conducted an annual survey in France (Boursorama), with a view to finding the best websites of companies listed on the Paris Stock Exchange. As part of the 2008 survey, more than 7,340 web users visited the sites of Paris-listed companies in September and October 2008. 250 sites were rated by participants, who focused on how up-to-date the information was, how transparent the financial communication was and how easy the site was to navigate around.

BNP Paribas' "Investors/Shareholders" site (<http://invest.bnpparibas.com>), which won the "Coup de Coeur" award for the most popular website among first-time visitors in 2007, was ranked no.2 in the Grand Prix Boursorama survey in 2008. This achievement recognises the accessible, informative and innovative nature of the information provided to individual investors by BNP Paribas. These characteristics are particularly important during a period of financial crisis.

Recent information about the BNP Paribas Group is also available on the French Minitel service 3614 BNPPACTION, at a cost of EUR 0.057 per minute. Through this service, shareholders can ask questions, leave messages and order documents.

SHAREHOLDER LIAISON COMMITTEE

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

Headed by Michel Pébereau, the committee includes ten shareholders who are both geographically and socioeconomically representative of the individual shareholder population, along with two employees or former employees. Each member serves a three-year term. When their terms expire, announcements are published in the press and/or in the

Group's various financial publications, inviting new candidates to come forward. Any shareholder can become a candidate.

At 1 January 2009, the members of the liaison committee were as follows:

- Michel Pébereau, Chairman;
- Franck Deleau, resident of the Lot *département*;
- Nicolas Derely, resident of the Paris area;
- Jean-Louis Dervin, residing in Caen;
- Jacques de Juvigny, resident of the Alsace region;
- André Laplanche, residing in Cavailon;

- Jean-Marie Laurent, resident of the Oise *département*;
- Dyna Peter-Ott, residing in Strasbourg;
- Jean-Luc Robaux, residing in Nancy;
- Chantal Thiebaut, resident of the Meurthe-et-Moselle *département*;
- Thierry de Vignet, resident of the Dordogne *département*;
- Odile Uzan-Fernandes, BNP Paribas employee;
- Bernard Coupeze, President of ASRAS BNP Paribas (the Association of Employee, Retiree and Former Employee Shareholders of the BNP Paribas Group).

In accordance with the committee's Charter – i.e. the internal rules that all committee members have adopted – the committee met twice in 2008, on 21 March and 3 October, in addition to taking part in the

Annual General Meeting and attending the Actionaria shareholder fair. The main topics of discussion included:

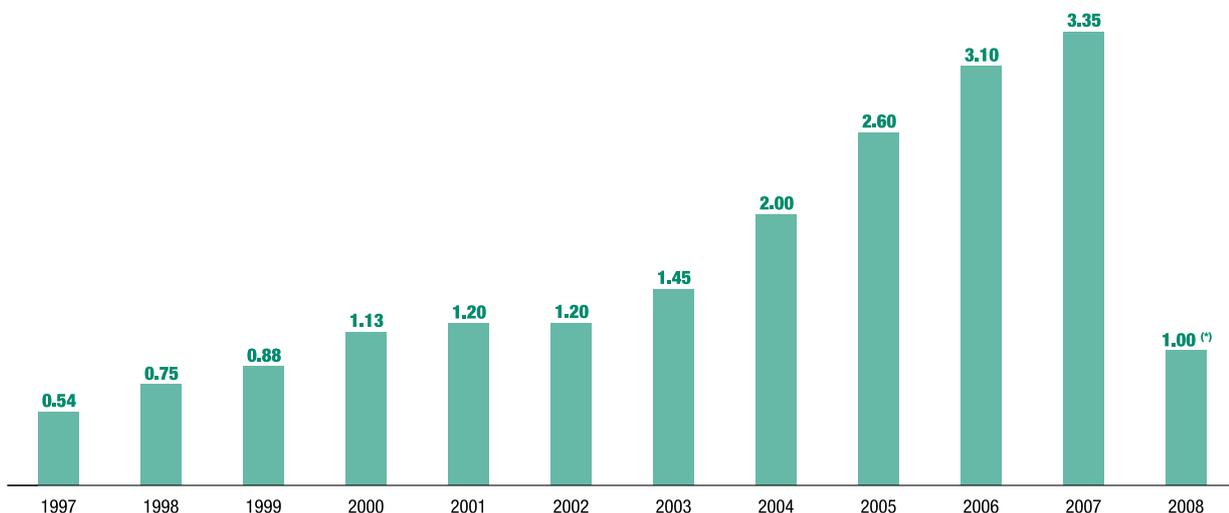
- BNP Paribas' ownership structure and changes in the structure, particularly among individual shareholders;
- the periodical publications which provide information on the Group's achievements and strategy;
- the draft 2007 Registration Document and Annual Report;
- quarterly results presentations;
- the new version of the website focusing on relations with financial market operators and Cercle des Actionnaires members;
- initiatives taken in preparation for the Annual General Meeting;
- BNP Paribas' participation in the "Actionaria" shareholder fair. At this event, several Liaison Committee members explained the role played by the committee to people who visited the Bank's stand.

DIVIDEND

At the 13 May 2009 Annual General Meeting, the Board of Directors will recommend a dividend of EUR 1.00 per share. The shares will go ex-dividend on 20 May 2009 and the dividend will be paid on 16 June 2009, subject to approval at the Annual General Meeting.

The total amount of the payout is EUR 912.1 million, compared with EUR 3,034.1 million in 2008. The proposed payout rate is 33.0% ⁽¹⁾.

► DIVIDEND (EUR PER SHARE)



⁽¹⁾ Subject to approval at the Annual General Meeting of 13 May 2009.

Dividends for 1997-2000 have been adjusted to reflect the two-for-one share split carried out on 20 February 2002.

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

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

⁽¹⁾ Dividend recommended at the 13 May 2009 Annual General Meeting expressed as a percentage of earnings per share.

BNP PARIBAS REGISTERED SHARES

At 31 December 2008, 26,437 shareholders had BNP Paribas registered shares.

REGISTERED SHARES DIRECTLY WITH BNP PARIBAS

Shareholders who hold shares under the pure registered form:

- automatically receive all documents regarding the Bank which are sent to shareholders;
- can call a French freephone number (0800,600,700) to place buy and sell orders and to obtain any information;
- benefit from special, discounted brokerage fees;
- have access to "GIS Nomi" (<http://gisnomi.bnpparibas.com>), a fully secure dedicated web server, allowing them to view registered share accounts, and account movements, to as well as place and track orders;

- pay no custodial fees and are automatically invited to General Meetings.

REGISTERED SHARES HELD IN AN ADMINISTERED ACCOUNT

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

- shares can be sold at any time, through the shareholder's usual broker;
- the shareholder can have a single share account, backed by a cash account;
- the shareholder is automatically invited to attend and vote at General Meetings, without the invitation being sent through a third party;
- the shareholder can take part in voting via the internet.

ANNUAL GENERAL MEETING

The last Annual General Meeting was held on 21 May 2008 on first call. The text of the resolutions and the video of the meeting can be viewed on the BNP Paribas website, which is where the original live webcast took place. The composition of the quorum and the results of the votes cast

were posted online the day after the meeting. In addition, the meeting was written about in the specialist press and a specific letter was sent to shareholders summarising the meeting.

The quorum breaks down as follows:

► BREAKDOWN OF QUORUM

	Number of shareholders	(%)	Number of shares	(%)
Present	1,927	17.90%	106,600,567	22.94%
Proxy given to spouse or another shareholder	36	0.33%	12,504	nm
Proxy given to Chairman	5,410	50.25%	38,505,103	8.29%
Postal votes	3,393	31.52%	319,503,686	68.77%
TOTAL	10,766	100%	464,621,860	100%

	Quorum
Total number of shares issued excluding treasury stock	900,040,571 51.62%

All resolutions proposed to the shareholders were approved.

	Results	Rate of approval (%)
ORDINARY MEETING		
Resolution 1:	<i>Approval of the consolidated balance sheet at 31 December 2007 and the consolidated profit and loss account for the year then ended</i>	98.27%
Resolution 2:	<i>Approval of the parent-company balance sheet at 31 December 2007 and the parent-company profit and loss account for the year then ended</i>	98.26%
Resolution 3:	<i>Appropriation of net income and dividend distribution</i>	99.82%
Resolution 4:	<i>Agreements and commitments governed by Article L. 225-38 of the Code de commerce</i>	96.49%
Resolution 5:	<i>Share buybacks</i>	99.66%
Resolution 6:	<i>Appointment of Daniela Weber-Rey as a director</i>	99.13%
Resolution 7:	<i>Renewal of the term of office of François Grappotte as a director</i>	99.09%
Resolution 8:	<i>Renewal of the term of office of Jean-François Lepetit as a director</i>	97.43%
Resolution 9:	<i>Renewal of the term of office of Suzanne Berger Keniston as a director</i>	99.03%
Resolution 10:	<i>Renewal of the term of office of Hélène Ploix as a director</i>	99.15%
Resolution 11:	<i>Renewal of the term of office of Baudouin Prot as a director</i>	97.11%
Resolution 12:	<i>Powers to carry out formalities</i>	99.81%
EXTRAORDINARY MEETING		
Resolution 13:	<i>Authorisation to issue shares and share equivalents with pre-emptive rights for existing shareholders maintained</i>	94.58%
Resolution 14:	<i>Authorisation to issue shares and share equivalents with pre-emptive rights for existing shareholders waived and a priority subscription period granted</i>	87.99%
Resolution 15:	<i>Issue of securities to be given in exchange for securities tendered as part of public exchange offers</i>	87.46%
Resolution 16:	<i>Issue of securities to be given in exchange for unlisted securities tendered, up to a maximum of 10% of the capital</i>	91.42%
Resolution 17:	<i>Overall limit on authorisations to issue shares with pre-emptive rights for existing shareholders waived</i>	91.37%
Resolution 18:	<i>Issuance of shares to be paid up by capitalising income, retained earnings or additional paid-in capital</i>	96.76%
Resolution 19:	<i>Overall limit on authorisations to issue shares with pre-emptive rights for existing shareholders maintained or waived</i>	94.45%
Resolution 20:	<i>Transactions reserved for members of the employee savings plan</i>	93.12%
Resolution 21:	<i>Allotment of bonus shares to employees of the company and to employees and corporate officers of related companies</i>	92.84%
Resolution 22:	<i>Stock options</i>	94.12%
Resolution 23:	<i>Reduction in the Bank's capital by cancelling shares</i>	99.32%
Resolution 24:	<i>Amendment of the Bank's Articles of Association relating to attendance at General Meetings</i>	97.25%
Resolution 25:	<i>Powers to carry out formalities</i>	99.41%

The 2008 Annual General Meeting was an additional opportunity for BNP Paribas to demonstrate its commitment to sustainable development. BNP Paribas seeks to create value consistently, to show its quality and its respect not only for "traditional" partners comprising shareholders, clients and employees, but also for the community at large. It seemed appropriate that these principles be reflected in the Group's General Meetings. As a result, a decision was taken, in conjunction with the Shareholder Liaison Committee, to donate EUR 10 for every investor attending the meeting or voting online to the "Coups de pouce aux projets du personnel" (a helping hand for employee projects) programme. The programme was specifically developed by the BNP Paribas Foundation to encourage public interest initiatives for which Bank staff personally

volunteer their time and efforts. The sums collected (EUR 19,920 in 2008) are donated in addition to the funds that the Bank already grants to this programme via the BNP Paribas Foundation, which operates under the aegis of the Fondation de France. Total contributions in 2008 were divided between 34 projects, all initiated by Bank employees. Six projects obtained the maximum grant of EUR 4,000. The sums awarded vary according to the scale of the project, its quality and the commitment of employees. The projects receiving the most funding were humanitarian projects, mainly in Southeast Asia and Sub-Saharan Africa, followed by projects to assist disabled and disadvantaged people.

PRESENTATION OF THE BNP PARIBAS GROUP

BNP Paribas and its shareholders

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

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

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

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

The Ordinary and Extraordinary General Meeting may be called in a single notice of meeting and held on the same date. BNP Paribas will hold its next Ordinary and Extraordinary General Meeting on 13 May 2009⁽¹⁾.

NOTICE OF MEETINGS

For combined Ordinary and Extraordinary General Meetings:

- holders of registered shares are notified by post; the notice of meeting contains the agenda, the draft resolutions and a postal voting form;
- holders of bearer shares are notified via announcements in the press, particularly investor and financial journals; in addition to legal requirements, BNP Paribas sends the following documents aimed at boosting attendance:
 - notices of meetings and a postal voting form for shareholders who own over a certain number of shares (set at 250 shares in 2008); these same documents may be accessed freely on the website,
 - information letters concerning the Annual General Meeting and the attendance procedures. In 2008, these were sent to all holders of at least 150 bearer shares.

In total, nearly 70,000 of the Bank's shareholders personally received the information needed to participate in 2008.

DISCLOSURE THRESHOLDS

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

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

In addition, staff at all BNP Paribas branches are specifically trained to provide the necessary assistance and carry out the required formalities.

ATTENDANCE AT MEETINGS

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

VOTING

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

- vote by post;
- give their proxy to their spouse or another shareholder (individual or legal entity);
- give their proxy to the Chairman of the Meeting or indicate no proxy.

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

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

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

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

⁽¹⁾ Subject to alteration.

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2.1 Board of directors

MEMBERSHIP OF THE BOARD OF DIRECTORS

Michel PÉBEREAU

Principal function ⁽¹⁾: Chairman of the BNP Paribas Board of directors

Born on 23 January 1942

Elected on 23 May 2006. Term expires at the 2009 AGM

First elected to the Board on: 14 May 1993

Number of BNP Paribas shares held ⁽²⁾: 184 192

*Office address: 3, rue d'Antin
75002 Paris
France*

Functions at 31 December 2008 ⁽¹⁾

Director of: Lafarge, Compagnie de Saint-Gobain, Total, BNP Paribas SA (Switzerland), Eads N.V. (Netherlands), Pargesa Holding SA (Switzerland)

Member of the Supervisory Board of: AXA, Banque Marocaine pour le Commerce et l'Industrie (Morocco)

Non-voting director of: Société Anonyme des Galeries Lafayette

Chairman of: Investment Banking and Financial Markets Committee of Fédération Bancaire Française, Management Board of Institut d'Études Politiques de Paris, Supervisory Board of Institut Aspen France, Institut de l'Entreprise

Member of: Académie des sciences morales et politiques, the Executive Committee of Mouvement des Entreprises de France, Haut Conseil de l'Éducation, European Financial Round Table, Institut International d'Études Bancaires, International Advisory Panel of the Monetary Authority of Singapore, International Capital Markets Advisory Committee of the Federal Reserve Bank of New York, International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC)

Functions at previous year-ends

(the companies listed are the parent companies of the groups in which the functions were carried out)

2007:

Chairman of the Board of directors of: BNP Paribas

Director of: Lafarge, Compagnie de Saint-Gobain, Total, Eads N.V. (Netherlands), Pargesa Holding SA (Switzerland)

Member of the Supervisory

Board of: AXA, Banque Marocaine pour le Commerce et l'Industrie (Morocco)

Non-voting director of: Société

Anonyme des Galeries Lafayette

Chairman of: European Banking Federation, Investment Banking and Financial Markets Committee of Fédération Bancaire Française, Management Board of Institut d'Études Politiques de Paris, Supervisory Board of Institut Aspen France, Institut de l'Entreprise

Member of: Académie des sciences morales et politiques, the Executive Committee of Mouvement des Entreprises de France, Haut Conseil de l'Éducation, European Financial Round Table, Institut International d'Études Bancaires, International Advisory Panel of the Monetary Authority of Singapore, International Capital Markets Advisory Committee of the Federal Reserve Bank of New York, International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC)

2006:

Chairman of the Board of directors of: BNP Paribas

Director of: Lafarge, Compagnie de Saint-Gobain, Total, Pargesa Holding SA (Switzerland)

Member of the Supervisory

Board of: AXA, Banque Marocaine pour le Commerce et l'Industrie (Morocco)

Non-voting director of: Société

Anonyme des Galeries Lafayette

Chairman of: European Banking Federation, Investment Banking and Financial Markets Committee of Fédération Bancaire Française, Management Board of Institut d'Études Politiques de Paris, Supervisory Board of Institut Aspen France, Institut de l'Entreprise

Member of: Executive Committee of Mouvement des Entreprises de France, Haut Conseil de l'Éducation, Institut International d'Études Bancaires, International Advisory Panel of the Monetary Authority of Singapore, International Capital Markets Advisory Committee of the Federal Reserve Bank of New York, International Monetary Conference, International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC)

2005:

Chairman of the Board of directors of: BNP Paribas

Director of: Lafarge, Compagnie de Saint-Gobain, Total, Pargesa Holding SA (Switzerland)

Member of the Supervisory

Board of: AXA

Non-voting director of: Société

Anonyme des Galeries Lafayette

Chairman of: European Banking

Federation, Investment Banking

and Financial Markets Committee

of Fédération Bancaire Française,

Management Board of Institut

d'Études Politiques de Paris,

Advisory Board of Institut Aspen

France, Institut de l'Entreprise

Member of: Haut Conseil de

l'Éducation, European Institut

International d'Études Bancaires,

International Advisory Panel

of the Monetary Authority of

Singapore, International Capital

Markets Advisory Committee

of the Federal Reserve Bank of

New York, International Monetary

Conference, International

Business Leaders' Advisory

Council for the Mayor of

Shanghai (IBLAC)

2004:

Chairman of the Board of directors of: BNP Paribas

Director of: Lafarge, Compagnie de Saint-Gobain, Total

Member of the Supervisory

Board of: AXA

Non-voting director of: Société

Anonyme des Galeries Lafayette

Chairman of: European Banking

Federation, Investment Banking

and Financial Markets Committee

of Fédération Bancaire Française,

Management Board of Institut

d'Études Politiques de Paris,

Advisory Board of Institut Aspen

France

Member of: International

Advisory Panel of the Monetary

Authority of Singapore,

International Capital Markets

Advisory Committee of the

Federal Reserve Bank of New

York, International Monetary

Conference, International

Business Leaders' Advisory

Council for the Mayor of

Shanghai (IBLAC)

⁽¹⁾ Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.

⁽²⁾ At 31 December 2008.

Patrick AUGUSTEPrincipal function ⁽¹⁾: *Real estate project manager*

Born on 18 June 1951
 Director elected to a three-year term by BNP Paribas executive employees on 7 March 2006
 First elected to the Board on: 14 December 1993

Number of BNP Paribas shares held ⁽²⁾: 33
 Office address: 20, avenue Georges Pompidou
 92300 LEVALLOIS-PERRET, FRANCE

Functions at 31 December 2008 ⁽¹⁾

None

Functions at previous year-ends

(the companies listed are the parent companies of the groups in which the functions were carried out)

2007: None	2006: None	2005: None	2004: None
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Claude BÉBÉARPrincipal function ⁽¹⁾: *Honorary Chairman of AXA*

Born on 29 July 1935
 Elected on 23 May 2006. Term expires at the 2009 AGM
 First elected to the Board on: 23 May 2000

Number of BNP Paribas shares held ⁽²⁾: 3,074
 Office address: 25, avenue Matignon,
 75008 Paris, France

Functions at 31 December 2008 ⁽¹⁾**Director of:** *AXA Assurances Iard Mutuelle, AXA Assurances Vie Mutuelle***Member of the Supervisory Board of:** *Vivendi***Non-voting director of:** *Schneider Electric***Chairman of:** *IMS-Entreprendre pour la Cité, Institut Montaigne***Member of:** *International Advisory Panel of the Monetary Authority of Singapore***Functions at previous year-ends**

(the companies listed are the parent companies of the groups in which the functions were carried out)

2007: Chairman of the Supervisory Board of: AXA Director of: AXA Assurances Iard Mutuelle, AXA Assurances Vie Mutuelle Member of the Supervisory Board of: Vivendi Non-voting director of: Schneider Electric Chairman of: IMS-Entreprendre pour la Cité, Institut Montaigne Member of: International Advisory Panel of the Monetary Authority of Singapore, International Advisory Board of Tsinghua School of Economics and Management, Beijing (China)	2006: Chairman of the Supervisory Board of: AXA Chairman and Chief Executive Officer of: Finaxa (Finaxa merged into AXA on 16 December 2005) Director of: AXA Assurances Iard Mutuelle, AXA Assurances Vie Mutuelle Member of the Supervisory Board of: Vivendi Non-voting director of: Schneider Electric Chairman of: Institut du Mécénat de Solidarité, Institut Montaigne Member of: International Advisory Panel of the Monetary Authority of Singapore, International Advisory Board of Tsinghua School of Economics and Management, Beijing (China)	2005: Chairman of the Supervisory Board of: AXA Chairman and Chief Executive Officer of: Finaxa (Finaxa merged into AXA on 16 December 2005) Member of the Supervisory Board of: Vivendi Universal Non-voting director of: Schneider Electric Chairman of: Institut du Mécénat de Solidarité, Institut Montaigne Member of: International Advisory Panel of the Monetary Authority of Singapore, International Advisory Board of Tsinghua School of Economics and Management, Beijing (China)	2004: Chairman of the Supervisory Board of: AXA Chairman and Chief Executive Officer of: Finaxa Director of: Vivendi Universal Non-voting director of: Schneider Electric Chairman of: Institut du Mécénat de Solidarité, Institut Montaigne Member of: International Advisory Panel of the Monetary Authority of Singapore, International Advisory Board of Tsinghua School of Economics and Management, Beijing (China)
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⁽¹⁾ Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.⁽²⁾ At 31 December 2008.

Jean-Louis BEFFAPrincipal function ⁽¹⁾: Chairman of the Board of directors of Compagnie de Saint-Gobain

Born on 11 August 1941
 Elected on 23 May 2006. Term expires at the 2009 AGM
 First elected to the Board on: 22 October 1986

Number of BNP Paribas shares held ⁽²⁾: 13,986
 Office address: "Les Miroirs"
 18, avenue d'Alsace
 92096 La Défense Cedex, France

Functions at 31 December 2008 ⁽¹⁾**Vice-Chairman of the Board of directors of:** BNP Paribas**Chairman of:** *Claude Bernard Participations***Director of:** *GDF SUEZ, Groupe Bruxelles Lambert (Belgium) Saint-Gobain Corporation (United States)***Member of the Supervisory Board of:** *Siemens AG (Germany), Le Monde SA, Le Monde & Partenaires Associés (SAS), Société Éditrice du Monde***Functions at previous year-ends***(the companies listed are the parent companies of the groups in which the functions were carried out)*

<p>2007: Chairman of the Board of directors of: Compagnie de Saint-Gobain Vice-Chairman of the Board of directors of: BNP Paribas Chairman of: Claude Bernard Participations Director of: Gaz de France, Groupe Bruxelles Lambert (Belgium), Saint-Gobain Cristaleria SA (Spain), Saint-Gobain Corporation (United States) Member of the Supervisory Board of: Le Monde SA, Le Monde & Partenaires Associés (SAS), Société Éditrice du Monde</p>	<p>2006: Vice-Chairman of the Board of directors of: BNP Paribas Chairman and Chief Executive Officer of: Compagnie de Saint-Gobain Chairman of: Claude Bernard Participations Director of: Gaz de France, Groupe Bruxelles Lambert (Belgium), Saint-Gobain Cristaleria SA (Spain), Saint-Gobain Corporation (USA) Permanent representative of: Saint-Gobain PAM Chairman of the Supervisory Board of: A.I.I. (Agence de l'Innovation Industrielle) Member of the Supervisory Board of: Le Monde SA, Le Monde Partenaires AS (SAS), Société Éditrice du Monde (SAS)</p>	<p>2005: Vice-Chairman of the Board of directors of: BNP Paribas Chairman and Chief Executive Officer of: Compagnie de Saint-Gobain Chairman of: Claude Bernard Participations Director of: Gaz de France, Groupe Bruxelles Lambert (Belgium) Chairman of the Supervisory Board of: A.I.I. (Agence de l'Innovation Industrielle) Member of the Supervisory Board of: Le Monde SA, Le Monde Partenaire AS (SAS), Société Éditrice du Monde (SAS)</p>	<p>2004: Vice-Chairman of the Board of directors of: BNP Paribas Chairman and Chief Executive Officer of: Compagnie de Saint-Gobain Chairman of: Claude Bernard Participations Director of: Gaz de France, Groupe Bruxelles Lambert (Belgium) Member of the Supervisory Board of: Le Monde SA, Le Monde Partenaire AS (SAS), Société Éditrice du Monde (SAS)</p>
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Suzanne BERGERPrincipal function ⁽¹⁾: *Professor of Political Science at the Massachusetts Institute of Technology, Cambridge, Massachusetts (USA) – Director of the MIT International Science and Technology Initiative (MISTI)*

Born on 11 March 1939
 Elected on 21 May 2008. Term expires at the 2011 AGM
 First elected to the Board on: 8 March 2007

Number of BNP Paribas shares held ⁽²⁾: 250
 Office address: 30, Wadsworth Street
 E53-451
 Cambridge,
 MA 02139-4307, USA

Functions at 31 December 2008 ⁽¹⁾**Member of:** *American Academy of Arts and Sciences***Research associate and member of the Executive Committee of** *Center for European Studies at Harvard University***Functions at previous year-ends***(the companies listed are the parent companies of the groups in which the functions were carried out)*

<p>2007: Member of: American Academy of Arts and Sciences Research associate and member of the Executive Committee of: Center for European Studies at Harvard University</p>			
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⁽¹⁾ Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.⁽²⁾ At 31 December 2008.

Jean-Marie GIANNOPrincipal function ⁽¹⁾: *Sales associate*

Born on 7 September 1952

*Director elected to a three-year term by BNP Paribas employees on 7 March 2006**First elected to the Board on: 15 March 2004**(Jean-Marie Gianni was an employee representative on the Board of Banque Nationale de Paris from 1993 to 1999)*Number of BNP Paribas shares held ⁽²⁾: 10Office address: 21, avenue Jean-Médecin
06000 Nice, France**Functions at 31 December 2008 ⁽¹⁾****Member of:** *Comité des Établissements de Crédit et des Entreprises d'Investissement (CECEI), "Confrontation" (a European think tank)***Functions at previous year-ends***(the companies listed are the parent companies of the groups in which the functions were carried out)***2007:****Member of:** Comité des Établissements de Crédit et des Entreprises d'Investissement (CECEI), "Confrontation" (a European think tank)**2006:****Member of:** Comité des Établissements de Crédit et des Entreprises d'Investissement (CECEI), "Confrontation" (a European think tank)**2005:****Member of:** Comité des Établissements de Crédit et des Entreprises d'Investissement (CECEI), "Confrontation" (a European think tank)**2004:**

None

François GRAPPOTTEPrincipal function ⁽¹⁾: *Honorary Chairman of Legrand, Director of companies*

Born on 21 April 1936

*Elected on 21 May 2008. Term expires at the 2011 AGM**First elected to the Board on: 4 May 1999*Number of BNP Paribas shares held ⁽²⁾: 2,537Office address: 128, avenue de-Lattre-de-Tassigny
87045 Limoges, France**Functions at 31 December 2008 ⁽¹⁾****Director of:** Legrand, Legrand France**Member of the Supervisory Board of:** Michelin**Functions at previous year-ends***(the companies listed are the parent companies of the groups in which the functions were carried out)***2007:****Honorary Chairman of:** Legrand
Director of: Legrand, Legrand France**Member of the Supervisory****Board of:** Michelin**Member of:** Advisory Committee of Banque de France**2006:****Honorary Chairman of:** Legrand**Director of:** Legrand, Legrand France, Valeo**Member of the Supervisory****Board of:** Michelin**Member of:** Advisory Committee of Banque de France**2005:****Chairman of the Board of directors of:** Legrand
Member of the Supervisory Board of: Michelin**Director of:** Valeo
Member of: Advisory Committee of Banque de France, Conseil de Promotelec (Promotion de l'installation électrique dans les bâtiments neufs et anciens), Bureau de la F.I.E.E.C. (Fédération des Industries Électriques, Électroniques et de Communication), Bureau du Gimélec (Groupement des Industries de l'équipement électrique, du contrôle-commande et des services associés)**2004:****Chairman of the Board of directors of:** Legrand
Member of the Supervisory Board of: Galeries Lafayette, Michelin
Director of: Valeo
Member of: Advisory Committee of Banque de France, Conseil de Promotelec (Promotion de l'installation électrique dans les bâtiments neufs et anciens), Bureau de la F.I.E.E.C. (Fédération des Industries Électriques, Électroniques et de Communication), Bureau du Gimélec (Groupement des Industries de l'équipement électrique, du contrôle-commande et des services associés)⁽¹⁾ Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.⁽²⁾ At 31 December 2008.

Alain JOLY**Principal function ⁽¹⁾: Director of Air Liquide**

Born on 18 April 1938

*Elected on 23 May 2006. Term expires at the 2009 AGM**First elected to the Board on: 28 June 1995**Number of BNP Paribas shares held ⁽²⁾: 5,227**Office address: 75, quai d'Orsay
75007 Paris, France***Functions at 31 December 2008 ⁽¹⁾****Functions at previous year-ends***(the companies listed are the parent companies of the groups in which the functions were carried out)***2007:****Director of:** Air Liquide**Director of:** Lafarge**2006:****Director of:** Air Liquide**Director of:** Lafarge**2005:****Chairman of the Supervisory****Board of:** Air Liquide**Director of:** Lafarge**2004:****Chairman of the Supervisory****Board of:** Air Liquide**Director of:** Lafarge⁽¹⁾ Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.⁽²⁾ At 31 December 2008.

Denis KESSLER**Principal function ⁽¹⁾: Chairman and Chief Executive Officer of Scor SE**

Born on 25 March 1952

*Elected on 23 May 2006. Term expires at the 2009 AGM**First elected to the Board on: 23 May 2000**Number of BNP Paribas shares held ⁽²⁾: 2,000**Office address: 1, avenue du Général-de Gaulle
92074 Paris La Défense Cedex, France***Functions at 31 December 2008 ⁽¹⁾****SCOR group****Chairman of:** *SCOR Global P&C SE, SCOR Global Life U.S. Re Insurance Company (United States), SCOR Global Life Re Insurance Company of Texas (United States), SCOR Reinsurance Company (United States), SCOR U.S. Corporation (United States), SCOR Holding (Switzerland) AG (Switzerland)***Chairman of Supervisory Board of:** *SCOR Global Investments SE***Director of:** *SCOR Global Life SE, SCOR Canada Reinsurance Company (Canada)***Other functions****Director of:** *Bolloré, Dassault Aviation, Dexia SA (Belgium), Fonds Stratégique d'Investissement, Invesco Ltd (United States)***Member of the Supervisory Board of:** *Yam Invest N.V. (Netherlands)***Non-voting director of:** *Financière Acofi SA, Gimar Finance & Cie SCA***Member of:** *Commission Économique de la Nation, Conseil Économique et Social, Board of directors of Association de Genève, Board of the French Foundation for Medical Research, Comité des Entreprises d'Assurance***Chairman of:** **Board of directors of:** *Siècle, Cercle de l'Orchestre de Paris***Vice-Chairman of:** *Reinsurance Advisory Board***Global Counsellor of:** *Conference Board***Functions at previous year-ends***(the companies listed are the parent companies of the groups in which the functions were carried out)***2007:****Chairman and Chief Executive Officer of:** SCOR**Chairman of:** *Scor Global Life SE, Scor Global P&C SE, Scor Global Life US Re Insurance Company (USA), Scor Holding (Switzerland) AG (Switzerland), Scor Reinsurance Company (USA), Scor US Corporation (USA)***Director of:** *Bolloré, Cogedim SAS, Dassault Aviation, Dexia SA (Belgium), Invesco Plc (United Kingdom), Scor Canada Reinsurance Company (Canada)***Member of the Supervisory****Board of:** *Fondation du Risque*
Permanent representative of: *Fegascor in SA Communication & Participation***Non-voting director of:** *Financière Acofi (formerly FDC SA), Gimar Finance & Cie SCA***Member of:** *Commission Économique de la Nation, Conseil Économique et Social, Board of Directors of Siècle, Association de Genève, Comité des Entreprises d'Assurance, Board of the French Foundation for Medical Research, Global Counsellor of the Conference Board***2006:****Chairman and Chief Executive Officer of:** SCOR**Chairman of:** *Scor Global Life, Scor Italia Riassicurazioni S.p.a. (Italy), Scor Life US Re Insurance (USA), Scor Reinsurance Company (USA), Scor US Corporation (USA)***Director of:** *Bolloré Investissement SA, Dassault Aviation, Amvescap Plc (United Kingdom), Cogedim SAS, Dexia SA (Belgium), Scor Canada Reinsurance Company (États-Unis)***Member of the Supervisory Board of:** *Scor Deutschland (Germany)***Permanent representative of:** *Fegascor in SA Communication & Participation***Non-voting director of:** *FDC SA, Gimar Finance & Cie SCA***Member of:** *Commission Économique de la Nation, Conseil Économique et Social, Board of directors of Siècle, Association de Genève, Comité des Entreprises d'Assurance, Global Counsellor of the Conference Board***2005:****Chairman and Chief Executive Officer of:** SCOR**Chairman of:** *Scor Vie*
Director of: *Bolloré Investissement SA, Dassault Aviation, Amvescap Plc (United Kingdom), Cogedim SAS, Dexia SA (Belgium)***Permanent representative of:** *Fergascor in SA Communication & Participation***Non-voting director of:** *FDC SA, Gimar Finance & Cie***Member of:** *Commission Économique de la Nation, Conseil Économique et Social, Board of directors of Siècle, Association de Genève, Comité des Entreprises d'Assurance***2004:****Chairman and Chief Executive Officer of:** SCOR**Chairman of:** *Scor Vie*
Director of: *Bolloré Investissement SA, Dassault Aviation, Amvescap Plc (United Kingdom), Cogedim SAS, Dexia SA (Belgium)***Permanent representative of:** *Fergascor in SA Communication & Participation***Non-voting director of:** *FDC SA, Gimar Finance & Cie***Member of:** *Commission Économique de la Nation, Conseil Économique et Social, Board of directors of Siècle, Association de Genève*⁽¹⁾ Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.⁽²⁾ At 31 December 2008.

Jean-François LEPETITPrincipal function ⁽¹⁾: *Chairman of Conseil national de la comptabilité*

Born on 21 June 1942

*Elected on 21 May 2008. Term expires at the 2011 AGM**First elected to the Board on: 5 May 2004*Number of BNP Paribas shares held ⁽²⁾: 7,500

Office address: 30, boulevard Diderot

75572 Paris Cedex 12, France

Functions at 31 December 2008 ⁽¹⁾**Director of:** Smart Trade Technologies SA, Shan SA**Member of:** *Board of the QFCRA - Qatar Financial Center Regulatory Authority - (Doha), Collège de l'Autorité des Marchés Financiers***Functions at previous year-ends***(the companies listed are the parent companies of the groups in which the functions were carried out)***2007:****Director of:** Smart Trade Technologies SA, Shan SA.**Member of:** Board of the QFCRA - Qatar Financial Center Regulatory Authority - (Doha), Collège de l'Autorité des Marchés Financiers**2006:****Director of:** Smart Trade Technologies SA, Shan SA.**Chairman of the Advisory Board of:** EDHEC Desk and Asset Management Research Center**Associate professor at:** EDHEC business school**Member of the Board of:** QFCRA - Qatar Financial Center Regulatory Authority - (Doha)**2005:****Director of:** Smart Trade Technologies SA**2004:**

None

Chairman Laurence PARISOTPrincipal function ⁽¹⁾: *Vice-Chairman of the Board of directors of IFOP SA*

Born on 31 August 1959

*Elected on 23 May 2006. Term expires at the 2009 AGM**First elected to the Board on: 23 May 2006*Number of BNP Paribas shares held ⁽²⁾: 360

Office address: 6/8, rue Eugène-Oudiné

75013 Paris, France

Functions at 31 December 2008 ⁽¹⁾**Chairman of:** *Mouvement des Entreprises de France (MEDEF)***Director of:** Coface SA**Member of the Supervisory Board of:** Michelin**Functions at previous year-ends***(the companies listed are the parent companies of the groups in which the functions were carried out)***2007:****Chairman of the Board of Directors of:** IFOP SA**Chairman of:** Mouvement des Entreprises de France (MEDEF)**Director of:** Coface SA**Member of the Supervisory Board of:** Michelin**2006:****Chairman of:** Mouvement des Entreprises de France (MEDEF)**Chairman of the Board of****Directors of:** IFOP SA**Member of the Supervisory Board of:** Michelin**2005:**

None

2004:

None

⁽¹⁾ Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.⁽²⁾ At 31 December 2008.

Chairman H  l  ne PLOIX**Principal function ⁽¹⁾: Chairman of Pechel Industries SAS and Pechel Industries Partenaires SAS**

Born on 25 September 1944

*Elected on 21 May 2008. Term expires at the 2011 AGM**First elected to the Board on: 21 March 2003**Number of BNP Paribas shares held ⁽²⁾: 1,371**Office address: 162, rue du Faubourg Saint Honor  
75008 Paris, France***Functions at 31 December 2008 ⁽¹⁾****Director of:** Lafarge, Ferring SA (Switzerland), Completel NV (Netherlands)**Permanent representative:** Pechel Industries Partenaires in Ypso Holding (Luxembourg)**Member of the Supervisory Board of:**

Publicis Groupe

Legal manager of: H  l  ne Ploix SARL, H  l  ne Marie Joseph SARL, Sorepe Soci  t   Civile**Member of Investment Committee :**

of the United Nations Staff Pension Fund

Functions at previous year-ends*(the companies listed are the parent companies of the groups in which the functions were carried out)***2007:****Chairman of:** Pechel Industries SAS, Pechel Industries Partenaires SAS and Pechel**Director of:** Lafarge, Ferring SA (Switzerland), Completel NV (Netherlands)**Member of the Supervisory Board of:** Publicis**Legal manager of:** H  l  ne Ploix SARL, H  l  ne Marie Joseph SARL, Sorepe Soci  t   Civile**Member of Investment****Committee** of the United Nations Staff Pension Fund**2006:****Chairman of:** Pechel Industries SAS and Pechel Industries Partenaires SAS**Director of:** Lafarge, Boots Group plc (United Kingdom), Ferring SA (Switzerland)**Member of the Supervisory Board of:** Publicis**Representative of:** Pechel Industries and of Pechel Industries Partenaires SAS for various companies**Legal manager of:** H  l  ne Ploix SARL, H  l  ne Marie Joseph SARL, Sorepe Soci  t   Civile**Member of Investment****Committee** of the United Nations Staff Pension Fund**2005:****Chairman of:** Pechel Industries SAS and Pechel Industries Partenaires SAS**Director of:** Lafarge, Boots Group plc (United Kingdom), Ferring SA (Switzerland)**Member of the Supervisory Board of:** Publicis**Representative of:** Pechel Industries for various companies**Legal manager of:** H  l  ne Ploix SARL, H  l  ne Marie Jos  ph SARL, Sorepe Soci  t   Civile**Member of Investment****Committee** of the United Nations Staff Pension Fund**2004:****Chairman of:** Pechel Industries SAS and Pechel Industries Partenaires SAS**Director of:** Lafarge, Boots Group plc (United Kingdom), Ferring SA (Switzerland)**Member of the Supervisory Board of:** Publicis**Representative of:** Pechel Industries for various companies**Legal manager of:** H  l  ne Ploix SARL**Member of Investment****Committee** of the United Nations Staff Pension Fund**Baudouin PROT****Principal function ⁽¹⁾: Director and Chief Executive Officer of BNP Paribas**

Born on 24 May 1951

*Elected on 21 May 2008. Term expires at the 2011 AGM**First elected to the Board on: 7 March 2000**Number of BNP Paribas shares held ⁽²⁾: 118,311**Office address: 3, rue d'Antin
75002 Paris, France***Functions at 31 December 2008 ⁽¹⁾****Director of:** Accor, Pinault-Printemps-Redoute, Veolia Environnement, Erb   SA (Belgium), Pargesa Holding SA (Switzerland)**Member of:** Executive Board of F  d  ration Bancaire Fran  aise**Functions at previous year-ends***(the companies listed are the parent companies of the groups in which the functions were carried out)***2007:****Director and Chief Executive Officer of:** BNP Paribas**Director of:** Accor, Pinault-Printemps-Redoute, Veolia Environnement, Banca Nazionale del Lavoro (Italy), Erb   SA (Belgium), Pargesa Holding SA (Switzerland)**Member of:** Executive Board of F  d  ration Bancaire Fran  aise**2006:****Director and Chief Executive Officer of:** BNP Paribas**Director of:** Accor, Pinault-Printemps-Redoute, Veolia Environnement, Banca Nazionale del Lavoro (Italy), Erb   SA (Belgium), Pargesa Holding SA (Switzerland)**Chairman of:** Association Fran  aise des Banques**2005:****Director and Chief Executive Officer of:** BNP Paribas**Director of:** Pinault-Printemps-Redoute, Veolia Environnement, Erb   SA (Belgium), Pargesa Holding SA (Switzerland)**Permanent representative of BNP Paribas on the Supervisory Board of:** Accor**Chairman of:** F  d  ration Bancaire Fran  aise**2004:****Director and Chief Executive Officer of:** BNP Paribas**Director of:** Veolia Environnement, Erb   (Belgium), Pargesa (Belgium)**Member of the Supervisory Board of:** Pinault-Printemps-

Redoute

Permanent representative of BNP Paribas on the Supervisory Board of: Accor⁽¹⁾ Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.⁽²⁾ At 31 December 2008.

Louis SCHWEITZERPrincipal function ⁽¹⁾: Chairman of the Board of directors of Renault

Born on 8 July 1942

Elected on 15 May 2007. Terms expires at the 2010 AGM

First elected to the Board on: 14 December 1993

Number of BNP Paribas shares held ⁽²⁾: 6,255

Office address: 8-10, avenue Emile Zola

92109 Boulogne-Billancourt Cedex, France

Functions at 31 December 2008 ⁽¹⁾**Chairman of the Board of directors of:** AstraZeneca Plc (United Kingdom)**Chairman of the Supervisory Board of:** Le Monde & Partenaires Associés (SAS), Le Monde SA, Société Editrice du Monde**Director of:** L'Oréal, Veolia Environnement, AB Volvo (Sweden)**Chairman of:** Haute Autorité de lutte contre les discriminations et pour l'égalité (HALDE)**Member of the Advisory Committee:**

Banque de France, Allianz (Germany)

Member of the Conseil: Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du Quai Branly**Functions at previous year-ends***(the companies listed are the parent companies of the groups in which the functions were carried out)***2007:****Chairman of the Board of directors of:** Renault**Chairman of the Board of directors of:** AstraZeneca Plc (United Kingdom)**Vice-Chairman of the Supervisory Board of:** Philips (Netherlands)**Director of:** Électricité de France, L'Oréal, Veolia Environnement, AB Volvo (Sweden)**Chairman of:** Haute Autorité de lutte contre les discriminations et pour l'égalité (HALDE)**Member of the Advisory****Committee of:** Banque de France, Allianz (Germany)**Member of the Board of:**

Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du Louvre, Musée du Quai Branly

2006:**Chairman of the Board of directors of:** Renault**Chairman of the Board of directors of:** AstraZeneca Plc (United Kingdom)**Vice-Chairman of the Supervisory Board of:** Philips (Netherlands)**Director of:** Électricité de France, L'Oréal, Veolia Environnement, AB Volvo (Sweden)**Chairman of:** Haute Autorité de lutte contre les discriminations et pour l'égalité (HALDE)**Member of the Advisory Committee of:** Banque de France, Allianz (Germany)**Member of the Board of:** Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du Louvre, Musée du Quai Branly**2005:****Chairman of the Board of directors of:** Renault**Chairman of the Board of directors of:** AstraZeneca Plc (United Kingdom)**Vice-Chairman of the Supervisory Board of:** Philips (Netherlands)**Director of:** Électricité de France, L'Oréal, Veolia Environnement, AB Volvo (Sweden)**Chairman of:** Haute Autorité de lutte contre les discriminations et pour l'égalité (HALDE)**Member of the Advisory Committee of:** Banque de France, Allianz (Germany)**Member of the Board of:** Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du Louvre, Musée du Quai Branly**2004:****Chairman and Chief Executive Officer of:** Renault**Chairman of the Management Board of:** Renault-Nissan BV (Netherlands)**Director of:** Électricité de France, Veolia Environnement, AB VOLVO (Sweden), AstraZeneca (United Kingdom)**Member of the Supervisory Board of:** Philips (Netherlands)**Member of the Advisory Committee of:** Banque de France, Allianz (Germany)**Member of the Board of:** Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du Louvre, Musée du Quai Branly**Daniela WEBER-REY**Principal function ⁽¹⁾: Partner at Clifford Chance, Frankfurt

Born on 18 November 1957

Elected on 21 May 2008. Term expires at the 2011 AGM

First elected to the Board on: 21 May 2008

Number of BNP Paribas shares held ⁽²⁾: 850

Office address: Mainzer Landstrasse 46

D 60325 - FRANKFURT AM MAIN, GERMANY

Functions at 31 December 2008 ⁽¹⁾**Member:** Advisory group on corporate governance and company law of the European Commission, Expert Group on "Removing obstacles to cross-border investments" of the European Commission, German Government Commission on the German Corporate Governance Code**Functions at previous year-ends***(the companies listed are the parent companies of the groups in which the functions were carried out)*⁽¹⁾ Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.⁽²⁾ At 31 December 2008.

OTHER CORPORATE OFFICERS

Jean-Laurent BONNAFÉ Principal function ⁽¹⁾: Chief Operating Officer of BNP Paribas			
Born on 14 July 1961 Number of BNP Paribas shares held ⁽²⁾ : 12,853 Office address: 3, rue d'Antin 75002 Paris, France		Functions at 31 December 2008 ⁽¹⁾ Director of: Carrefour, BNP Paribas Personal Finance, Banca Nazionale del Lavoro (Italy)	
Functions at previous year-ends <i>(the companies listed are the parent companies of the groups in which the functions were carried out)</i>			
Georges CHODRON DE COURCEL Principal function ⁽¹⁾: Chief Operating Officer of BNP Paribas			
Born on 20 May 1950 Number of BNP Paribas shares held ⁽²⁾ : 70,050 Office address: 3, rue d'Antin 75002 Paris, France		Functions at 31 December 2008 ⁽¹⁾ Chairman of: <i>Compagnie d'Investissement de Paris SAS, Financière BNP Paribas SAS, BNP Paribas (Switzerland) SA (Switzerland)</i> Director of: Alstom, Bouygues, Société Foncière, Financière et de Participations SA, Nexans, BNP Paribas ZAO (Russia), Erbé SA (Belgium), Scor Holding (Switzerland) AG (Switzerland), Verner Investissements SAS Member of the Supervisory Board of: Lagardère SCA Non-voting director of: Exane, Safran, Scor SA	
Functions at previous year-ends <i>(the companies listed are the parent companies of the groups in which the functions were carried out)</i>			
2007: Chief Operating Officer of: BNP Paribas Chairman of: Compagnie d'Investissement de Paris SAS, Financière BNP Paribas SAS, BNP Paribas (Switzerland) SA (Switzerland) Director of: Alstom, Bouygues, Société Foncière, Financière et de Participations SA, Nexans, Banca Nazionale del Lavoro (Italy), BNP Paribas ZAO (Russia), Erbé SA (Belgium), Scor Holding (Switzerland) AG (Switzerland), Verner Investissements SAS Member of the Supervisory Board of: Lagardère SCA Non-voting director of: Exane, Safran, Scor SA	2006: Chief Operating Officer of: BNP Paribas Chairman of: BNP Paribas Energis SAS, Compagnie d'Investissement de Paris SAS, Financière BNP Paribas SAS, BNP Paribas (Switzerland) SA (Switzerland), BNP Paribas UK Holdings Limited (United Kingdom) Director of: Alstom, Banca Nazionale del Lavoro (Italy), BNP Paribas ZAO (Russia), Verner Investissements SAS, Bouygues, Société Foncière, Financière et de Participations SA, Nexans, Erbé SA (Belgium) Member of the Supervisory Board of: Lagardère SCA Non-voting director of: Exane, Safran, Scor SA	2005: Chief Operating Officer of: BNP Paribas Director of: Alstom, Bouygues, Société Foncière, Financière et de Participations SA, Nexans, Erbé SA (Belgium) Member of the Supervisory Board of: Lagardère SCA Non-voting director of: Safran, Scor SA, Scor Vie	2004: Chief Operating Officer of: BNP Paribas Director of: Alstom, Bouygues, Nexans, Erbé SA (Belgium) Member of the Supervisory Board of: Lagardère SCA, Sagem SA Non-voting director of: Scor SA, Scor Vie

⁽¹⁾ Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.

⁽²⁾ At 31 December 2008.

Jean CLAMONPrincipal function ⁽¹⁾: Chief Operating Officer of BNP Paribas until 31 August 2008

Managing Director since 1 September 2008

Born on 10 September 1952

Number of BNP Paribas shares held ⁽²⁾: 51,729Office address: 3, rue d'Antin
75002 Paris, France**Functions at 31 August 2008 ⁽¹⁾****Director of:** Arval Service Lease, BNP Paribas Lease Group, Banca Nazionale del Lavoro (Italy), Cetelem, Compagnie Nationale à Portefeuille (Belgium), Erbé SA (Belgium), Partecis**Vice-Chairman of the Supervisory Board of:** Fonds de Garantie des Dépôts**Member of the Supervisory Board of:** Galeries Lafayette, Euro Securities Partners SAS**Representative of BNP Paribas:** UCB**Functions at previous year-ends***(the companies listed are the parent companies of the groups in which the functions were carried out)***2007:****Chief Operating Officer of:**
BNP Paribas**Director of:** Arval Service Lease, BNP Paribas Lease Group, Banca Nazionale del Lavoro (Italy), Cassa di Risparmio di Firenze (Italy), Cetelem, Compagnie Nationale à Portefeuille (Belgium), Erbé SA (Belgium), Partecis**Member of the Supervisory Board of:** Galeries Lafayette, Euro Securities Partners SAS**Representative of BNP Paribas:**
UCB**2006:****Chief Operating Officer of:**
BNP Paribas**Director of:** Arval Service Lease, BNP Paribas Lease Group, Banca Nazionale del Lavoro (Italy), Cassa di Risparmio di Firenze (Italy), Cetelem, Compagnie Nationale à Portefeuille (Belgium), Erbé SA (Belgium), Partecis**Member of the Supervisory Board of:** Galeries Lafayette, Euro Securities Partners SAS**2005:****Chief Operating Officer of:**
BNP Paribas**Director of:** Cassa di Risparmio di Firenze (Italy), Compagnie Nationale à Portefeuille (Belgium), Erbé SA (Belgium)**Member of the Supervisory Board of:** Galeries Lafayette, Euro Securities Partners SAS**2004:****Chief Operating Officer of:**
BNP Paribas**Director of:** Euro Securities Partners, Cassa di Risparmio di Firenze (Italy), Compagnie Nationale à Portefeuille (Belgium), Erbé (Belgium),**Member of the Supervisory Board of:** Fonds de Garantie des Dépôts

COMPENSATION

COMPENSATION AND BENEFITS PAID TO CORPORATE OFFICERS IN 2008

See section 4.5 of the consolidated financial statements - note 8.d. - Remuneration and benefits awarded to the Group's corporate officers.

DIRECTORS' FEES

See Report of the Chairman.

INFORMATION ON STOCK OPTION PLANS

Employees other than corporate officers receiving/exercising the highest number of options:

	Number of options granted/exercised	Weighted average exercise price (in euros)	Date of grant	
Options granted in 2008				
(10 largest grants)	436,400	66.10	04/18/2008	
Options exercised in 2008				
(10 employees)	163,563	43.2	05/13/1998	41,413
			12/22/1999	32,281
			05/15/2001	32,466
			05/31/2002	11,500
			03/21/2003	35,813
			03/24/2004	10,090

SUMMARY TABLE OF TRANSACTIONS ON BNP PARIBAS STOCK REPORTED BY KEY INDIVIDUALS

Transactions on BNP Paribas stock carried out in 2008 by the corporate officers and other individuals listed in article L. 621-8-2 of the Monetary and Financial Code, that must be reported pursuant to articles 223-22 to 223-26 of the General Regulation of AMF.

Name Function	Transactions carried out	Type of financial instrument	Nature of the transaction	Number of transactions	Amount of the transactions (in euros)
PÉBEREAU Michel ^(*) Chairman of the Board of directors of BNP Paribas	By a related party	BNP Paribas shares	Sale of 7,500 shares	1	480,000.0
PROT Baudouin ^(*) Director and Chief Executive Officer of BNP Paribas	By a related party	BNP Paribas shares	Sale of 10,450 shares	4	718,926.0
LEPETIT Jean-François ^(**) Director of BNP Paribas	Personally	BNP Paribas shares	Purchase of 6,675 shares	1	246,641.3
WEBER-REY Daniela Director of BNP Paribas	Personally	BNP Paribas shares	Purchase of 850 shares	1	55,165.0

^(*) Excluding the exercise of stock options, details of which are listed in note 8.d to the financial statements.

^(**) Purchase by exercise of options granted by Banque Nationale de Paris on 13 May 1998 to Jean-François LEPETIT, before his appointment as director of BNP Paribas.

2.2 Report of the Chairman of the Board of directors on the conditions for the preparation and organisation of the work of the Board and on internal control procedures implemented by BNP Paribas

CORPORATE GOVERNANCE AT BNP PARIBAS

The following information has been prepared in accordance with article L. 225-37, as amended⁽¹⁾, of the French Commercial Code and with article L. 621-18-3 of the French Monetary and Financial Code.

It makes reference to the General Regulation of the AMF (the French Financial Markets Authority), notably article 229-9-11, and, if appropriate, to Appendix 1 of European Commission Regulation no. 809/2004 of 29 April 2004 as well as to the "Guide to Preparing Registration Documents" published on 27 January 2006 by the AMF, to the Act of 3 July 2008 containing various measures adapting company law to Community law and to the AMF report of 27 November 2008 on corporate governance and internal control procedures.

In preparing the Chairman's report, the Board of directors of BNP Paribas had voluntarily decided to make reference to the corporate governance code for listed companies of December 2008, which is the result of the consolidation of the report of the French employers' organisations AFEP (Association Française des Entreprises Privées) and MEDEF (Mouvement des Entreprises de France) of October 2003 and of their recommendations of January 2007 and October 2008 on the compensation of corporate officers. This decision was published on 6 November 2008.

This report also refers, where appropriate and for information purposes, to the document entitled "Enhancing Corporate Governance for Banking Organisations" published in February 2006 by the Basel Committee on Banking Supervision.

1. CONDITIONS FOR THE PREPARATION AND ORGANISATION OF THE WORK OF THE BOARD

The Board of directors' internal rules

- The Internal Rules define and determine conditions for the preparation and organisation of the work of the Board⁽²⁾. These rules were adopted in 1997 by the Board of the former BNP and are regularly updated to comply with legal requirements, regulations and French corporate governance guidelines and to keep pace with corporate governance best practices recognised as being in the best interests of both shareholders and the Bank.

- The Internal Rules set out the terms of reference of the Board of directors; they describe the manner in which meetings are organised and the procedures for informing directors and for carrying out the periodic assessment of the Board's performance. They describe the terms of reference of the various Committees of the Board, their composition, the manner in which they function and the conditions relating to the payment of directors' fees. They provide guidelines concerning the conduct expected of a director of BNP Paribas. Key extracts of the Internal Rules are provided in this report in the various sections to which they relate.
- According to the Internal Rules, the Board of directors is a collegial body⁽³⁾ that collectively represents all shareholders and acts at all times in the corporate interests of the Bank. It is tasked with monitoring its own composition and effectiveness in advancing the Bank's interests and carrying out its duties.
- Based on proposals submitted by the Chief Executive Officer, the Board formulates BNP Paribas' business strategy and oversees its implementation. It examines any and all issues related to the efficient running of the business, and makes any and all business decisions within its remit.
- It may decide to either combine or separate the functions of Chairman and Chief Executive Officer⁽⁴⁾. It appoints corporate officers. It proposes the appointment of directors for three-year terms. It may decide to limit the powers of the Chief Executive Officer. It approves the draft of the Chairman's report.
- The Board or one or more of its directors or Committees, or a specific Committee authorised by the Board, may perform any or all controls and verifications that it considers appropriate, supervise the management of the business and the fairness of its accounts, review and approve the financial statements and ensure that the financial information disclosed to the shareholders and the markets is of high quality⁽⁵⁾.

Separation of the functions of Chairman and Chief Executive Officer

- At the Annual General Meeting held on 14 May 2003, the Chairman announced the Board's intention to separate the functions of Chairman and Chief Executive Officer within BNP Paribas. This decision brought

⁽¹⁾ Amended by article 26 of Act no. 2008-649 of 3 July 2008 containing various provisions adapting company law to Community law.

⁽²⁾ AMF: Guide to Preparing Registration Documents: interpretation no. 3.

⁽³⁾ AFEP-MEDEF Corporate Governance Code (point 1).

⁽⁴⁾ AFEP-MEDEF Corporate Governance Code (point 3).

⁽⁵⁾ AFEP-MEDEF Corporate Governance Code (point 2).

the Group into line with corporate governance best practice, while at the same time ensuring a smooth and transparent handover of the Chief Executive role.

- The Chairman organises and directs the work of the Board, and ensures that the corporate decision-making bodies of BNP Paribas operate effectively. Working closely with Executive Management, he is competent to represent the Group in high-level dealings with, for example, major clients and government authorities both domestically and internationally. He has no executive responsibilities.
- The Chief Executive Officer has the broadest powers to act in the Bank's name in all circumstances (see limitation of the powers of the Chief Executive Officer on p. 59). He has authority over the entire Group, including Heads of core businesses, business lines, territories and Group functions. He is also responsible for internal control systems and procedures, and for all the statutory information in the report on internal control.

The Board of directors and Annual General Meetings

- The organisation and conduct of Annual General Meetings are described in the "Shareholder information" section of the Registration document.
- Based on proposals submitted by the Board of directors, the Annual General Meeting of 21 May 2008 re-elected Suzanne Berger Keniston, François Grappotte, Jean-François Lepetit, Hélène Ploix and Baudouin Prot as directors and approved the appointment of Daniela Weber-Rey to the Board. All of the directors attended this meeting.

Membership of the BNP Paribas Board of directors

- Following the Annual General Meeting of 21 May 2008, the Board of directors had fifteen members, of which thirteen were elected by shareholders and two by employees. Board membership details are provided in section 2.1. of the Reference Document.

Independence of directors

- Following a review of the directors' personal circumstances carried out by the Corporate Governance and Nominations Committee, the Board considers that the following nine directors qualify as independent under French corporate governance guidelines: Claude Bébéar, Suzanne Berger Keniston, François Grappotte, Alain Joly, Denis Kessler, Jean-François Lepetit, Laurence Parisot, Hélène Ploix and Daniela Weber-Rey. Based on its own assessment, the Board of directors did not consider, when it proposed his re-election to the Board to the Annual General Meeting of May 15, 2007, that the criterion concerning the loss of independence of a director who has served for more than twelve years to be relevant to the person of Louis Schweitzer.
- Three of the directors elected by the shareholders – Michel Pèbureau, non-executive Chairman of the Board, Baudouin Prot, Chief Executive Officer, and Jean-Louis Beffa – do not qualify as independent under the guidelines.
- The two employee representatives on the Board, Patrick Auguste and Jean-Marie Gianno, do not qualify as independent under the guidelines, despite their status and the method by which they were elected, which safeguards their independence.
- The independence of directors is measured against the definition given by the AFEP-MEDEF Corporate Governance Code: "A director is independent when he or she has no relationship of any kind whatsoever with the corporation, its group or the management of either that is such as to colour his or her judgment."
- Except for some of the directors who are BNP Paribas employees, the members of the Board have declared – as part of the implementation of International Accounting Standards IAS 24 – that they have no financial relationship with BNP Paribas SA or any Group company.
- The Board of directors' Internal Rules set out a certain number of rules of conduct applicable to directors, listed below under section 5 "Corporate Governance". They are intended to promote directors' independence and responsibility in discharging their duties.

CORPORATE GOVERNANCE

Report of the Chairman of the Board of directors on the conditions for the preparation and organisation of the work of the Board and on internal control procedures implemented by BNP Paribas

The following table presents the situation of each director with regard to the independence criteria recommended in the AFEP-MEDEF Corporate Governance Code:

	1 st criterion	2 nd criterion	3 rd criterion	4 th criterion	5 th criterion	6 th criterion	7 th criterion
M. PEBEREAU	x	o	o	o	o	x	o
P. AUGUSTE	x	o	o	o	o	x	o
C. BEBEAR	o	o	o	o	o	o	o
J.L. BEFFA	o	x	o	o	o	x	o
S. BERGER	o	o	o	o	o	o	o
J.M. GIANNO	x	o	o	o	o	o	o
F. GRAPPOTTE	o	o	o	o	o	o	o
A. JOLY	o	o	o	o	o	o (*)	o
D. KESSLER	o	o	o	o	o	o	o
J.F. LEPETIT	o	o	o	o	o	o	o
L. PARISOT	o	o	o	o	o	o	o
H. PLOIX	o	o	o	o	o	o	o
B. PROT	x	o	o	o	o	o	o
L. SCHWEITZER	o	o	o	o	o	x (**)	o

Key:

"o" compliance with independence criterion defined by AFEP-MEDEF.

"x" non-compliance with independence criterion defined by AFEP-MEDEF.

1st criterion: Not an employee or corporate officer of the corporation within the previous five years.

2nd criterion: No issue of corporate offices held in another corporation.

3rd criterion: No material business relationships.

4th criterion: No family ties to a corporate officer.

5th criterion: Not an auditor of the corporation within the previous five years.

6th criterion: Not a director of the corporation for more than twelve years.

7th criterion: No issue related to control by a major shareholder.

(*) This criterion will apply only upon expiry of the term of office during which the 12-year limit is reached – AFEP-MEDEF Code.

(**) Refer to previous comment in section 1 – "Membership of the BNP Paribas Board of directors".

Work of the Board and its Committees in 2008

- In 2008, the Board held thirteen meetings, including 6 specially convened meetings (estimated results at 31 December 2007, Global Share-Based Incentive Plan for 2008, changes in Executive Management, Fortis acquisition project). The average attendance rate at Board meetings was 90%.
- The Financial Statements Committee met five times and the rate of attendance was 100%.

- The Internal Control, Risk Management and Compliance Committee met five times with an attendance rate of 93%.
- The Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee held a joint meeting at which all the respective committee members were present.
- The Corporate Governance and Nominations Committee met three times with an attendance rate of 78%.
- The Compensation Committee met five times with an attendance rate of 87%.

► ATTENDANCE AT MEETINGS OF THE BOARD AND ITS COMMITTEES IN 2008

Director	Board meetings		Committee meetings		All meetings		
	1	2	1	2	1	2	3
M. PEBEREAU	13	13			13	13	100%
P. AUGUSTE	12	13	5	5	17	18	94%
C. BEBEAR	12	13	1	3	13	16	81%
J.L. BEFFA	10	13	3	5	13	18	72%
S. BERGER	9	13			9	13	69%
J.M. GIANNO	12	13	4	5	16	18	89%
F. GRAPPOTTE	13	13	10	10	23	23	100%
A. JOLY	12	13	5	5	17	18	94%
D. KESSLER	12	13	5	5	17	18	94%
J.F. LEPETIT	13	13	5	5	18	18	100%
L. PARISOT	8	13	3	3	11	16	68%
H. PLOIX	13	13	5	5	18	18	100%
B. PROT	13	13			13	13	100%
L. SCHWEITZER	13	13	5	5	18	18	100%
D. WEBER-REY (*)	6	7			6	7	85%
Average		90%		91%			

The first column shows the number of meetings attended.

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

The third column shows the individual attendance rates.

(*) Daniela Weber-Rey was appointed by the Annual General Meeting held on 21 May 2008.

Extracts from the Board of directors' Internal Rules: terms of reference of the Board of directors

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

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

Toward these ends:

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

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

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

It appoints corporate officers for three-year terms.

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

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

The Board or one or more of its directors or Committees, or a specific Committee authorised by the Board, may perform any or all controls and verifications that it considers appropriate, supervise the management of the business and the fairness of its accounts, review

and approve the financial statements and ensure that the financial information disclosed to the shareholders and the markets is of high quality.

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

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

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

When the Board of directors grants the Chairman - or the Chief Executive Officer if the functions have been separated - the authority to issue debt securities as well as share and share equivalents, the holder of this authority is required to report to the Board, at least once a year, on the issuance of these securities."

Extracts from the Board of directors' Internal Rules: the Chairman of the Board

"Barring exceptional circumstances, only the Chairman may speak and act in the Board's name in conducting relations with other BNP Paribas management bodies and with outside parties, other than in cases where a specific assignment or function has been entrusted to another director.

Working closely with Executive Management, he is competent to represent the Group in high-level dealings with, for example, major clients and government authorities both domestically and internationally.

He monitors relations with shareholders, in close cooperation with the work of Executive Management in this area, to guarantee that these relations remain of a high quality.

He ensures that principles of corporate governance are defined and implemented at the highest levels.

He oversees the smooth running of BNP Paribas' management bodies.

With the help of the Corporate Governance and Nominations Committee, and subject to approval by the Board and by the Annual General Meeting, he endeavours to build an effective and balanced Board, and to manage replacement and succession processes that concern the Board and the nominations within its remit.

He organises the work of the Board of directors. He sets the timetable and agenda of Board meetings and calls them.

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

He sees to it that the Board devotes an appropriate amount of time to issues relating to the future of the Bank, particularly its strategy.

He ensures that directors from outside the Bank get to know the Management team thoroughly.

He ensures that he maintains a close relationship based on trust with the Chief Executive Officer, to whom he provides help and advice while respecting his executive responsibilities.

The Chairman directs the work of the Board, to give it the means of exercising all the responsibilities which fall within its remit.

He ensures that the Board is provided in a timely fashion with the information it needs to carry out its duties and that this information is clearly and appropriately presented.

The Chairman is regularly informed by the Chief Executive Officer and other members of the Executive Management team of significant events and situations in the life of the Group, particularly those relating to strategy, organisation, investment or disinvestment projects, financial transactions, risks or the financial statements.

The Chief Executive Officer provides the Chairman with all information required under French law regarding the internal control report.

The Chairman may ask the Chief Executive Officer for any information that may help the Board and its Committees fulfil their duties.

He may interview the Statutory Auditors in order to prepare the work of the Board and the Financial Statements Committee.

He ensures that the directors are in a position to fulfil their duties, and in particular that they have the information they need to take part in the work of the Board, and that they can count on appropriate cooperation from the Bank's management in conducting the activities of the specialised Committees.

He also ensures that directors participate effectively in the work of the Board, with satisfactory attendance, competence and loyalty.

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

2. STRATEGY

Based on proposals submitted by Executive Management, the key elements of which are presented following a documented in-house process, the Board of directors formulates BNP Paribas' strategy and overall business objectives⁽¹⁾. It examines and decides on strategic operations in accordance with its Internal Rules⁽²⁾; it oversees the implementation of the objectives it has approved, particularly in the course of discussions on the financial statements and budgets. The Board is also kept regularly informed of the Group's cash position and ongoing commitments⁽³⁾.

In 2008, the Board spent considerable time analysing the consequences of the financial crisis and defining the necessary steps and adaptations in operational, capital management, liquidity, risk control and cost control. As in previous years, the Board met in a strategy seminar where each of these subjects were further examined and approved of the proposed principles for the entire group and for each of its core businesses.

A number of investment projects⁽⁴⁾ were examined during Board meetings, including a project to acquire control of the business of Fortis in Belgium and in Luxembourg as well as its international banking activities. The Board was not called upon to deliberate on any strategic operation that was not in line with approved strategic objectives and would as such

⁽¹⁾ The strategic vocation of the Group is the very first principle of sound corporate governance identified by the Basel Committee (February 2006). It is also emphasised in the 2008 AFEP-MEDEF Corporate Governance Code (point 4).

⁽²⁾ AFEP-MEDEF Corporate Governance Code (point 4).

⁽³⁾ AFEP-MEDEF Corporate Governance Code (point 4).

⁽⁴⁾ The Internal Rules of the Board of directors specify that the Board's prior approval is required for any investment or disinvestment project of more than EUR 250 million.

have required its prior approval in accordance with the Internal Rules⁽¹⁾. The Board reviewed the reorganisation of some of the Group's businesses, in particular in the field of consumer lending in Europe.

- The Board reviewed the negotiations and implementation of investment projects that it had previously discussed or validated. In particular, it was kept regularly informed of progress concerning the acquisition of control over the business of Fortis which it examined during five successive meetings, including two specially convened meetings.
- It was briefed several times on the findings of a comparison of the performance of its core businesses with those of its main competitors.
- On 1 July 2008, the board approved of a key change in Executive Management aimed at grouping together, as of 1 September 2008, all retail banking business under a sole line of responsibility. On 16 December 2008, it also approved of the measures implemented in the Corporate and Investment Banking business due to the extremely unfavourable market conditions and of a durably difficult context.

3. INTERNAL CONTROL, RISK MANAGEMENT AND COMPLIANCE

As early as 1994, the Board of directors recognised the key importance of risk management and internal control⁽²⁾ in the banking sector when it set up an Internal Control and Risk Management Committee, thus splitting the work normally carried out by the Audit Committee between this newly-formed committee and the Financial Statements Committee. In 2007, the Board extended the remit of the Internal Control and Risk Management Committee to include all matters relating to compliance policy that may impact on reputation risk and professional ethics. The Internal Control, Risk Management and Compliance Committee acts independently and on a complementary basis to the Financial Statements Committee which oversees matters in connection with the preparation and control accounting and financial information. The Internal Control, Risk Management and Compliance Committee and the Financial Statements Committee hold a joint meeting at least once a year in order to discuss matters affecting both risk management policy and the provisions to be set aside in the books of BNP Paribas. The membership of these two Committees and the work that they carry out in the field of internal control, risk management and compliance and in that of internal control procedures for the preparation and processing of accounting and financial information are designed to meet the stringent regulatory requirements in the banking and prudential fields. These include both the measures imposed by external regulators and BNP Paribas' own requirements regarding the quality of its internal control processes and risk management policy⁽³⁾.

In 2008, the Board reviewed the report of the Internal Control, Risk Management and Compliance Committee, drafted based on information provided by Executive Management, and examined the following issues:

- it was regularly updated on and discussed developments concerning the financial crisis that began in the summer of 2007, which was amplified throughout the year 2008 and worsened when Lehman Brothers went into bankruptcy;

- the Board was informed of the Group's overall policy in the area of credit risk, market risk and counterparty risk. At the initiative of Executive Management, it decided to adapt the Value-at-Risk" (VaR) limit it had previously authorised to market conditions. It was informed of the result of the risk measurements as well as of the crisis situation simulation methods;
- the Board was informed of the breakdown of the Bank's commitments by industry and by geographic area, as well as of the concentration of individual major risks with respect to applicable capital-adequacy requirements. It was regularly briefed on the Bank's exposure in the sectors most affected by the financial crisis. Over the course of the summer, it was presented a comparison by Executive Management of crisis-specific adjustments by several international banks;
- the Board was regularly informed of the situation on liquidity markets and kept abreast of the measures taken by BNP Paribas to bolster its financing base and security;
- the Board was briefed on deliverables of the internal control function and the resources placed at its disposal. It was provided with draft reports for the year ended 31 December 2007 on measuring and monitoring of risks, compliance, permanent controls and periodic controls. It was informed of the progress made on measures taken by Executive Management so as to review the processes intended to ensure the control and security of market transactions;
- the Board approved changes made to Executive Management so as to heighten the coordination of internal control procedures;
- the Board heard the Chairman of the Internal Control, Risk Management and Compliance Committee on the findings of periodic controls reported by the General Inspection unit and on the follow-up to recommendations previously issued as well as on the permanent control reporting. It adopted a project, in accordance with CRBF Regulation no. 97-02 and the Internal Audit Charter, leading to centralising the periodic control of several subsidiaries within the Group's periodic control system;
- the Board was informed of the joint work of the Financial Statements Committee and of the Internal Control, Risk Management and Compliance Committee on the management and accounting treatment of the counterparty risk on financial instruments, on the main risks resulting from the financial crisis and on the principles of the operation of conduits;
- the Board heard the report, presented by the Chairman of the Internal Control, Risk Management and Compliance Committee, of the interviews conducted by it without any member of Executive Management being present, of the Head of the General Inspection unit, who is in charge of period controls, the Head of permanent control and compliance, of Asset and Liabilities Management and the Head of Group Risk Management, whose remit covers the Group's global risk policy;
- it heard briefings from the Chairman of the Internal Control, Risk Management and Compliance Committee on the relations and exchange of correspondence with regulators, in France and abroad, as reported by Executive Management;
- reports on the meetings of the Internal Control, Risk Management and Compliance Committee are made to directors during the first Board meeting following their approval by the Committee.

⁽¹⁾ AFEP-MEDEF Corporate Governance Code (point 4).

⁽²⁾ "Board of directors approves (...) the overall risk policy and risk management procedures (...) meet regularly with senior management and internal audit to review policies..." Enhancing corporate governance for banking organisations – 1st principle – February 2006.

⁽³⁾ AFEP-MEDEF Corporate Governance Code (point 2).

Report of the Chairman of the Board of directors on the conditions for the preparation and organisation of the work of the Board and on internal control procedures implemented by BNP Paribas

4. BUDGET, FINANCIAL STATEMENTS AND RESULTS, FINANCIAL MANAGEMENT AND COMMUNICATIONS

■ **Budget.** As is customary, at its last meeting of the year, the Board reviewed and approved the draft budget for 2009 presented by Executive Management for the Group as a whole as well as its core businesses and major business lines. At this meeting, the Board also discussed the economic and financial context in which this budget will be implemented.

■ **Financial statements and results.** The results and financial statements of the Group and of BNP Paribas SA for fourth quarter 2007, the first three quarters of 2008, for the first half and first nine months of 2008, presented by Executive Management, were reviewed and approved as required by the Board. Its work covered the entire consolidated Group as well as each of its core businesses and major business lines.

The Board was informed of the findings of the Financial Statements Committee and the Group's three Statutory Auditors ⁽¹⁾ – who are entitled to attend Board meetings held to review the results and financial statements – concerning the results for the period.

Based on the report submitted jointly by the Statutory Auditors and Executive Management, it reviewed and approved the key choices made concerning the application of accounting standards. It was informed, on that basis, of the application made by the Bank, in preparing its financial statements at 30 September 2008, of clarification amendments to the accounting rules issued by the Securities and Exchange Commission (SEC) and the Financial Accounting Standards Board (FASB), as well as of its decision not to apply the amendment to IAS 39 to the 3rd quarter of 2008.

The Board was regularly informed of the direct and indirect impact of the financial crisis on the revenues and cost of risk of BNP Paribas.

The Board was also briefed by the Financial Statements Committee – which examined the information presented to it by Executive Management – on the key internal control audit points raised by Group entities as part of the certification process aimed at ensuring the reliability of the consolidation reporting package.

The Board heard the report, presented by the Chairman of the Financial Statements Committee, of the interviews conducted without any member of Executive Management, Statutory Auditors or the Head of the Group Finance-Development Department being present.

■ **Financial management.** The Board was informed of the methodological principles followed in determining the Tier 1 ratio under Basel II standards. It was regularly briefed on issues of debt instruments, possible share buybacks and the profitability trends in new lending. It approved profit distribution policy and the draft resolution concerning the dividend for the year ended 31 December 2007.

The Board was briefed on the provisions of the agreement on the subscription of subordinated notes by the State. It approved of the commitment made by the Bank not to carry out share buybacks during period of holding of the notes subscribed by the State, except for buybacks so as to comply with the employee share ownership plan and transactions in the normal course of business.

■ **Financial communication⁽²⁾.** The Board also approved, at each meeting devoted to results, draft press releases. It noted the application of the recommendations of the Financial Stability Forum (FSF) on information on sensitive exposure. The Board approved of the draft report of the Board of directors for 2007 integrating French corporate governance guidelines on off-balance sheet commitments and on risks as well as the Chairman's report on internal control procedures on the preparation and processing of accounting and financial information.

5. CORPORATE GOVERNANCE

Assessment of the performance of the Board of directors in 2008

■ For the seventh consecutive year an assessment of the performance of the BNP Paribas Board of directors and of its specialised Committees was carried out ⁽³⁾.

■ As in previous years, the methodology employed was self-evaluation based on an anonymous survey dealing with overall processes and the various aspects of the Board's work – strategy, internal control and risk management, financial management, compensation – and with the operation of its four Committees (Financial Statements; Internal Control, Risk Management and Compliance; Corporate Governance and Nominations; Compensation). The directors were invited to make proposals for improvement of each of these topics. This survey was accompanied by a summary of the survey carried out by AFEP in November 2008 on the 2007 annual reports, so as to enable directors to assess by comparison the way in which BNP Paribas reports on the application of AFEP-MEDEF's corporate government guidelines.

■ The directors expressed satisfaction with the Board's work. They also stressed the relevance of the topics discussed, the quality of information received by Board members and the freedom with which issues could be debated. They also stressed the competence of the members of the Board's Committees as well as the quality of the reports submitted on their work. Suggestions for improvement mainly concerned deepening the analyses already carried out by the Board on market and liquidity risks and on operational risks, as well as on the integration in the strategic thought process of the lessons to be progressively learnt from the upheavals caused by the financial crisis in terms of the stakes involved and opportunities provided to the Group.

Follow-up on the 2007 assessment of the performance of the Board of directors

Suggestions for improvement made by directors, in particular concerning a broader range of comparative data for use in the strategic thought process and deepening the analyses already carried out by the Board in the area of risk management, were implemented. The Board received several briefings during 2008 on the comparative performance of the core businesses of BNP Paribas with that of their main competitors. Much of the Board's work focused on issues in connection with risks, notably market risks, liquidity risks and operational risks. The Internal

⁽¹⁾ The firms of Deloitte & Associés, Mazars, and PricewaterhouseCoopers Audit were appointed by the Annual General Meeting for the period 2006-2011, based on a proposal by the Board of directors.

⁽²⁾ AFEP-MEDEF Corporate Governance Code (point 2). The Bank's ratings from financial rating agencies are provided at the beginning of this Registration Document.

⁽³⁾ AMF "Guide to Preparing Registration Documents" (January 2006). AFEP-MEDEF Corporate Governance Code (point 9).

Control, Risk Management and Compliance Committee met five times to report to the Board on developments of the financial crisis and on its consequences on the business of BNP Paribas. The reports presented to the Chairman of the Committee systematically contained a section devoted to the Group's exposure and a section devoted to the liquidity of markets and to the position of BNP Paribas. Management of risk and of liquidity was a topic examined by the Board during a strategic seminar held in 2008.

Evaluation of Directors' performance - Changes in membership of the Board

Based on the report made to the Board by the Corporate Governance and Nominations Committee, on its review of the situation of each director in terms of their independence of spirit, freedom in discussing issues and sense of responsibility towards shareholders and other stakeholders of the Group⁽¹⁾, the Board ascertained that it had, based on its membership and on the personality of its directors, the competencies, experience and diversity of viewpoints required to perform its duties. After discussions concerning the personal implication of and contribution to the work and discussions of the Board made by Suzanne Berger, Hélène Ploix, François Grappotte and Jean-François Lepetit, and analysed the independence of their four directors in view of the criteria adopted in the AFEP-MEDEF recommendations, the Board proposed that the Annual General Meeting adopt a resolution renewing their term of office for a term of three years. It also proposed the renewal of the term of office of Baudouin Prot after having conducted a performance evaluation of the Chief Executive Officer. Lastly, the Board submitted a resolution to the Annual General Meeting appointing Daniela Weber-Rey as a director of BNP Paribas as of 21 May 2008.

Procedure for selecting directors ⁽²⁾

The procedure for recruiting directors, in accordance with the criteria defined by the Board, is based on information and assessments provided by the members of the Corporate Governance and Nominations Committee and the Chairman of the Board. This ensures that successful candidates have the personal and professional qualities required to carry out the function of director at BNP Paribas.

Evaluation of the Chairman's performance - Evaluation of the performance of the Chief Executive Officer and of the Chief Operating Officers – Changes in Executive Management ⁽³⁾

In accordance with the decision taken at the end of 2007, the Board set aside part of a Board meeting in 2008 to evaluate the performance of the Chairman, of the Chief Executive Officer and of the Chief Operating Officers⁽⁴⁾. The Board heard the Chairman's report on the efforts by the Chief Executive Officer and the Chief Operating Officers to develop the Bank and improve its operational efficiency in 2007. In the absence of Michel Pébereau, the Board carried out a performance review of the Chairman of the Board of directors. At the request of Baudouin Prot and at the initiative of the Corporate Governance and Nominations Committee, Jean-Laurent Bonnafé was appointed Chief Operating Officer

in replacement of Jean Clamon, effective as of 1 September 2008; it also approved various appointments and the resulting membership of the Executive Committee.

Compliance with European Commission Regulation EC 809/2004

- To the best of the Board's knowledge, no directors are faced with conflicts of interest; in any event, the Board of directors' Internal Rules require that they "inform the Board of any situation involving even a potential conflict of interest" and "abstain from taking part in the vote on the matter concerned". To the best of the Board's knowledge, there are no family ties between Board members.
- To the best of the Board's knowledge, none of its members has been convicted of fraudulent offences "for at least the previous five years", nor was involved in any bankruptcies, receiverships or liquidations while acting as a member of administrative, management or supervisory bodies, or as Chief Executive Officer, "for at least the previous five years".
- To the best of the Board's knowledge, there have been no "official public incrimination and/or sanctions" of members of the Board of Directors or of the Chief Executive Officer, none of whom have been disqualified by a court from acting in their current capacity, "for at least the previous five years".
- Apart from regulated agreements, there are no arrangements or agreements with key shareholders, clients, suppliers or any other parties which involve the appointment of a member of the Board of directors.

Implementation of AFEP-MEDEF Corporate Governance Code for Listed Companies

The Board of directors decided to implement the recommendations made by AFEP and MEDEF dated 6 October 2008 on the compensation of corporate officers of listed companies and, more generally, to confirm that all of those recommendations comprise the Corporate Governance Code referred to by BNP Paribas.

Reports ascertaining the application of such recommendations as regards the compensation of corporate officers are featured in note 8.d to the consolidated financial statements. The Board has made known its intent to apply the recommendations concerning option grants to any option plan it may decide to implement in 2009. As regards the provisions concerning termination of employment contracts, the Board observed that the Chairman did not have an employment contract. It decided to terminate the employment contract of the Chief Executive Officer before renewing his term of office, which was made prior to 6 October 2008, in accordance with the AFEP-MEDEF recommendations published on that date.

The Board approved the Chairman's report on the conditions for the preparation and organisation of the Board's work and the internal control procedures implemented by the Bank.

⁽¹⁾ AFEP-MEDEF Corporate Governance Code (points 6 and 8).

⁽²⁾ AFEP-MEDEF Corporate Governance Code (point 12).

⁽³⁾ AFEP-MEDEF Corporate Governance Code (point 6).

⁽⁴⁾ AFEP-MEDEF Corporate Governance Code (point 9).

Directors' access to information and initial training⁽¹⁾

- In accordance with the Board's Internal Rules, directors may request that the Chairman of the Board or the Chief Executive Officer provide them with all documents and information required to enable them to carry out their functions, participate effectively in Board meetings and make informed decisions, provided that such documents are useful for decision-making purposes and related to the Board's authority.
- Directors have free access to the reports of all Board meetings.
- Committee meetings also provide opportunities to update the information available to directors on specific issues related to the items on the agenda. The Board is also kept informed of developments in regulatory guidelines on corporate governance, in particular in the field of banking industry. At the last Board meeting in 2008, directors were briefed on the periods in 2009 during which they are authorised to trade in BNP Paribas shares, barring exceptional circumstances.
- When directors take up their appointment, they are provided with written documentation describing the Group, its profile and organisation, its most recent financial statements and a series of pointers on the information available from the Group's websites. The Board's support staff provides the new director with a copy of the Internal Rules and organises a number of working meetings between the new directors and managers of Group functional and operating units that are of interest to the new directors in light of their functions and personal priorities.

Code of ethics applicable to directors⁽²⁾

- According to the Internal Rules, "(...) directors shall interact effectively with others in the workplace and respect their opinions, and shall express themselves freely on subjects debated in Board meetings, even in the face of opposition".
- "They shall have a strong sense of responsibility towards shareholders and other stakeholders."
- "They shall show a high level of personal integrity during the term of their office, and respect the rules related to their responsibilities."
- "In the event of a significant change in the functions or positions held, directors agree to allow the Board to decide whether or not it is appropriate for them to continue to serve as directors of BNP Paribas."
- "All directors are required to comply with legal obligations and the stock market recommendations and regulations related to information that concerns directors personally."
- "Any director of American nationality must choose not to participate in certain Board discussions in view of the regulatory obligations pertaining to his or her nationality."
- "The legislation banning insider trading applies to directors both in a personal capacity and when exercising responsibilities within companies that hold shares in BNP Paribas. Directors are also advised to purchase or sell BNP Paribas shares only within the six-week period following the publication of the quarterly and annual accounts, or of any press release concerning business performance. However, if they have access to privileged information that would make them insiders

under stock exchange rules, no BNP Paribas shares may be purchased or sold during this six-week period."

- "Directors must not disclose any information that is not publicly available to any third party, including the managers of BNP Paribas shares."
- "If a director has any questions related to ethics and compliance, he or she can consult the Head of the Group Compliance and Permanent Control function."
- "Directors who deem that they are no longer able to effectively carry out their responsibilities on the Board or Committees of which they are a member should step down."
- "Any director or any other person who is called upon to attend meetings of the Board and the Committees of the Board is required to treat all matters discussed during the meeting as strictly confidential. In particular, directors or other persons shall treat as strictly confidential all insider information as well as information that may interest competitors or external parties in connection with "economic intelligence" and confidential information described as such by the Chairman. In case of failure to comply with this obligation, the director or other person may be exposed to a claim for damages."
- "Directors shall endeavour to participate regularly and actively in the meetings of the Board and the Committees of the Board and to be present at the Annual General Meeting of shareholders" (see section 6 above "Board of directors and Annual General Meeting").
- "In addition to the number of shares that directors are required to hold under the Articles of Association, directors elected at the Annual General Meeting should personally hold BNP Paribas shares equivalent to at least one year of directors' fees" (the number of shares held appears in the personal profile of each director).

Compensation of directors⁽³⁾

- Directors who are not Group employees receive no form of compensation other than directors' fees⁽⁴⁾.
- The amount of fees payable to each director individually has remained unchanged since 2005, at EUR 29,728, including EUR 14,864 – 50% of the total – as the fixed portion and EUR 1,238.67 per meeting. The Chairman of the Board of directors does not, however, receive any additional fees under this rule. To take into account the additional constraints they face, directors who live outside France are paid 1.5 times the fixed portion of directors' fees.
- The amount of fees payable to the members of the Board's Committees has also remained unchanged since 2005, at EUR 5,946, including EUR 2,973 as the fixed portion and EUR 594.60 per meeting. The Chairmen of the Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee are paid a fixed portion of EUR 15,000 and a variable portion of EUR 1,239 per meeting. Based on a recommendation submitted by Alain Joly, the directors' fees attributable to him as Chairman of the Compensation Committee and Chairman of the Corporate Governance and Nominations Committee were respectively of EUR 1,000 to EUR 2,973.
- Based on the foregoing, the Board decided to grant directors a total appropriation of EUR 523,724, up from EUR 498,178 in 2007. The overall amount of directors' fees was set at EUR 780,000 by the Annual General Meeting of 18 May 2005.

⁽¹⁾ AFEP-MEDEF Corporate Governance Code (point 11).

⁽²⁾ AFEP-MEDEF Corporate Governance Code (point 12).

⁽³⁾ AFEP-MEDEF Corporate Governance Code (point 18).

⁽⁴⁾ Directors members of the Group: Patrick Auguste, Jean-Marie Gianni, Michel Pébereau, Baudouin Prot.

6. COMPENSATION

- Acting on a report from the Compensation Committee, the Board examined the compensation of Michel Pébereau, Baudouin Prot, Georges Chodron de Courcel and Jean Clamon, corporate officers⁽¹⁾. In accordance with the policy on the determination of the compensation of corporate officers described in note 8.d of the consolidated financial statements, it ascertained the results of the application of quantitative targets in connection with the Group's performance, on that part corresponding to variable compensation for 2007. It also examined the attainment of personal objectives during that year, after having reviewed the Corporate Governance and Nominations Committee's performance review for each corporate officer.
- The Board determined the fixed salary and basic bonus of Jean-Laurent Bonnafé, as well as his obligation, as of 1 September 2008, to hold shares allocated following the exercise of stock options. In accordance with AFEP-MEDEF's corporate governance code, the Board made its decision public on 6 November 2008. The Board also authorised the compensation and benefits to be received by Jean Clamon under his employment contract following the end of his duties as a corporate officer.
- The Board set the fixed portions of directors' compensation for 2008 as well as the bases for determining the variable portion in the light of the results of a survey of executive compensation in a number of comparable European banks.
- Neither the Chairman nor the Chief Executive Officer was involved in the preparation of decisions concerning their compensation, nor did they take part in the Board's vote on decisions setting their compensation.

- The individual compensation of the Chairman, Chief Executive Officer and Chief Operating Officers were presented in detail at the Annual General Meeting of the shareholders on 21 May 2008.
- Based on a report from the Compensation Committee, the Board noted the fixed portion of the compensation for members of the Executive Committee other than corporate officers and the variable portion determined for 2007.

Global Share-Based Incentive Plan

- Acting on a recommendation from the Compensation Committee, the Board adopted the Group's Global Share-Based Incentive Plan for 2008. This plan involves 3,985,590 stock options (representing 0.45% of the share capital) and 820,890 bonus shares (representing 0.09% of the share capital). It concerns 3,731 employees whose level of responsibility, contribution to results or professional potential make them key players in Group strategy as well as in the Group's development and profitability. The Board approved the payment and the terms and conditions of this plan.
- The Board determined the number of options granted to corporate officers in accordance with the grant policy defined by it.
- The Board noted, based on the report submitted by the Compensation Committee, that the practices applied by BNP Paribas complied with both legal obligations and AFEP-MEDEF recommendations in force until 6 October 2008 concerning the granting of stock options or bonus shares to corporate officers.

Share issue reserved for employees

The Board approved the terms and conditions of a new share issue reserved for employees.

Note 8.d to the consolidated financial statements describes the compensation policy for corporate officers as well as the policy on the grant of stock options. This note also contains information on the pension plans applicable to corporate officers as well as the corresponding provisions for pension obligations. It features a standardised presentation of all information concerning compensation due on the basis of, and paid in, 2008, and of options granted and exercised in 2008. This note has been prepared in accordance with AFEP-MEDEF's Corporate Governance Code of December 2008.

7. FINANCIAL STATEMENTS COMMITTEE

- The Financial Statements Committee was set up in 1994; in 2008 its membership was unchanged from the previous year and included Louis Schweitzer (Chairman), Patrick Auguste, Denis Kessler and Hélène Ploix. Most of its members have extensive experience and expertise in the areas of corporate financial management, accounting and financial information.
- The Committee's membership complies with AFEP-MEDEF's Corporate Governance Code, which recommends that at least two thirds of the directors be independent. No members of the Bank's Executive Management sit on the Committee. Its duties and *modus operandi*

are set out in the Board's Internal Rules. As is the case for all of the Board's Committees, it can rely on external experts if necessary.

- To ensure that the Committees' knowledge remains fully up to date, its meetings include briefings on key issues, which are then examined and discussed in the presence of the Statutory Auditors. The information presented can be rounded out, as the case may be, by meetings with managers of Group functional and operating units, organised by the Board's support staff for any Committee members who express a need for further clarification.
- The Committee met five times in 2008, including in one specially convened meeting, and the rate of attendance was 100%. It also met

⁽¹⁾ AFEP-MEDEF Corporate Governance Code (point 20-1).

once with the Internal Control, Risk Management and Compliance Committee. Documentation on agenda items – presented in standardised form – was distributed on average three days prior to each meeting.

Review of the financial statements and financial information ⁽¹⁾

- In 2008, the Committee reviewed the financial statements based on the documents and information provided by Executive Management and the verification procedures carried out by the Statutory Auditors. In doing so, it verified the relevance and consistency of accounting methods used in drawing up the Bank's consolidated and corporate accounts. The Committee reviewed management accounting data by core business and reviewed the impact of changes in the scope of consolidation. It was presented an analysis of the consolidated balance sheet and of its changes between 31 December 2006 and 31 December 2007 by the Head of Group Finance-Development. It held a special meeting in early 2008 to review the summary report of forecasted results for the 4th quarter and of the year 2007.
- It reviewed draft press releases concerning the Group's results prior to their presentation to the Board.
- During the course of its work, the Committee dedicated special focus to the effects of the financial crisis on the Group's financial statements and on the results of its core businesses. In this context, it was briefed by the Head of the Group-Finance Development Department and by the Statutory Auditors on the consequences of the impairments recorded, on the methods of valuing exposure to risk and on the provisioning made. It reviewed sensitive exposures presented as per the FSF's guidelines.
- The Committee was briefed on the methodological principles applied in determining total regulatory capital and risk-weighted assets; it elected the Tier 1 capital adequacy ratio.
- During their joint meeting, the members of the Financial Statements Committee and of the Internal Control, Risk Management and Compliance Committee decided, based on a memorandum prepared by the Group Finance Development Department, on the management and accounting coverage of the counterparty risk on financial instruments. The Committees were briefed by the Head of Group Risk Management on the Bank's commitments in terms of the financing of conduits as well as on the increase of the Value-at-Risk (VaR) as of the end of the 3rd quarter of 2008.
- The Committee was presented the joint report by the Group Finance-Development Department and the Statutory Auditors on the key choices made concerning the application of accounting standards and on the clarification amendments of accounting rules issued on 30 September 2008 by the SEC and FASB, which it took into consideration in preparing its financial statements for the 3rd quarter of 2008.
- When reviewing the financial results for each quarter or in the course of its discussions of specific issues, the Committee interviewed the Head of Group Finance-Development. During its review of the 2007 financial statements, it interviewed the Head of Group Finance-Development, without any member of Executive Management being present.
- The Committee listened to the comments and findings of the Statutory Auditors concerning the financial results for each quarter, without any member of Group-Finance Development Department, the Chairman or the Chief Executive Officer being present, and asked them any questions it deemed relevant.
- The Committee reviewed – in the presence of the Statutory Auditors – the accounting internal control points identified by Group entities as part of the process of certifying their quarterly financial statements.
- The Committee reviewed the section of the draft report of the Chairman of the Board concerning internal control procedures relating to the preparation and processing of accounting and financial information, and recommended it for adoption by the Board.
- The Financial Statements Committee reported its findings to the Board of directors at the end of each meeting.

⁽¹⁾ AFEF-MEDEF Corporate Governance Code (point 14-2-1).

Extracts from the Board of directors' Internal Rules: the Financial Statements Committee

"The Committee shall hold at least four meetings per year.

Membership

At least two-thirds of the members of the Financial Statements Committee shall qualify as independent directors based on the definition used by the Board in accordance with French corporate governance guidelines.

No members of the Bank's Executive Management shall sit on the Committee.

Terms of Reference

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

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

Relations with the Group's Statutory Auditors

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

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

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

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

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

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

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

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

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

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

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

Report of the Chairman

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

Interviews

With regard to all issues within its purview, the Committee may, as it sees fit, and without any other member of Executive Management being present if it deems this appropriate, interview the Heads of Group Finance and Accounting, as well as the Head of Asset/Liability Management.

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

Common provisions

The Internal Control, Risk Management and Compliance Committee and the Financial Statements Committee shall hold a joint meeting at least once a year in order to discuss matters affecting both risk management policy and the provisions to be set aside in the books of BNP Paribas. This meeting shall be chaired by the Chairman of the Financial Statements Committee."

Relations with the Group's Statutory Auditors⁽¹⁾

- The Committee received from each of the Statutory Auditors a written statement of its independence vis-à-vis the conduct of the engagement.
- It was informed by the Statutory Auditors of the audit plan for the Group prepared in accordance with professional auditing standards.
- In the absence of the Statutory Auditors, it received notification of the amount of fees paid by the BNP Paribas Group to the Statutory Auditors in 2007 as well as of the results of a comparative study. Based on the information collected by Executive Management, it ensured that the amount or portion represented by BNP Paribas in the overall revenues of the audit firms and the networks to which they belong was not likely to compromise the Statutory Auditors' independence.
- The Committee recommended that the Board of directors modify the internal procedure on services not directly related to auditing so as to comply with the new auditing standards published in 2008. The Committee reviewed and approved engagements not directly related to auditing on an as-needed basis.

8. INTERNAL CONTROL, RISK MANAGEMENT AND COMPLIANCE COMMITTEE

The Internal Control, Risk Management and Compliance Committee was set up in 1994 to cater to the specific needs of banking operations; in 2008 its membership was unchanged from the previous year and included François Grappotte (Chairman), Jean-Marie Gianno and Jean-François Lepetit, i.e., two-thirds of its members were independent directors in accordance with the AFEP-MEDEF Corporate Governance Code. Most of its members have extensive experience and expertise in the field of finance or accountancy. No members of the Bank's Executive Management sit on the Committee.

- In 2008, the Committee met five times (including in one specially convened meeting) and the rate of attendance was 93%. It also met once with the Financial Statements Committee.
- Documentation on agenda items was distributed to Committee members on average three days prior to meetings.

Internal control, compliance and relations with regulatory authorities

- The Committee was provided with the draft annual reports on compliance, permanent control for the 2008 and discussed the main topics addressed in those draft reports. It also received the draft periodic control report on 2007 prepared by the Bank's General Inspection as well on the follow up of the recommendations made by it.
- It reviewed the report on permanent control comprising quantified data relating to operational risks, permanent control measures set up in the core businesses and in operational departments, to the objectives and progress of the control plans as well as to the follow-up of action plans. It reviewed a summary prepared for it by the Head of

Compliance on salient events in the 1st half of 2008, in the regulatory, compliance and permanent operational control fields. The Committee was also briefed on the report on operations by the Bank's General Inspection unit for the 1st half of 2008. The Committee also reviewed the Group's policies for combating fraud.

- The Committee received several briefings on the progress made on the project launched at the start of the year by Executive Management to review operational processes and measures geared to ensure the control and security of market transactions.
- The Committee examined and proposed a draft resolution to the Board aimed at centralising the periodic control of several subsidiaries at the Group level.
- It examined the correspondence exchanged between Executive Management, the Commission Bancaire and the AMF and reported on this to the Board.
- Without any member of Executive Management being present, the Committee interviewed the Head of Permanent Control and Compliance, and the Head of the General Inspection unit, who is in charge of periodic controls.
- The Committee reviewed the section of the Chairman's draft report on internal control and recommended its approval by the Board of directors.

Credit risks, market risks and liquidity risks

- The Committee duly reviewed all of the sectors affected by the financial crisis highlighted in the Group Risk Management's report and analysed the breakdown by industry and geographical area. The Head of Group Risk Management's deputies, specialised in credit, counterparty and market risks were interviewed by the Committee and answered the Committee's questions in their respective areas of responsibility.
- The Committee dedicated an exceptional meeting and a significant part of each of its ordinary meetings to reviewing sensitive exposures both in terms of market operations and corporate risk; in 2008 it also carried out several reviews of the Group's consumer credit and mortgage loan portfolios.
- The Committee was briefed on the impact of market trends on Value-at-Risk (VaR), which were regularly updated. It was informed of the results of the stress tests performed by Group Risk Management on the risk profile of portfolios as well as of the conclusions of the Risk Policy Committees convened regularly by Executive Management to discuss specific issues.
- During each of those meetings, the Committee reviewed the report of the Head of Asset and Liabilities Management on trends in liquidity markets and the position of BNP Paribas.
- The Committee interviewed, without any member of Executive Management being present, the Head of Group Risk Management and the Head of Asset and Liabilities Management.

⁽¹⁾ AFEP-MEDEF Corporate Governance Code (point 14-2-2).

Extracts from the Board of directors' Internal Rules: the Internal Control, Risk Management and Compliance Committee

"The Committee shall hold at least four meetings per year.

Membership

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

No members of the Bank's Executive Management shall sit on the Committee.

Terms of reference

The Committee is tasked with analysing reports on internal control and on measuring and monitoring risks, as well as the General Inspection unit's reports on its operations and key findings, and with reviewing the Bank's exchanges of correspondence with the General Secretariat of the French banking regulator (Commission Bancaire).

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

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

Interviews

It may interview, without any other member of Executive Management being present if it deems this appropriate, the Head of the General Inspection unit, who is in charge of Periodic Controls, the Head of the Group Compliance and Permanent Control function and the Head of Group Risk Management.

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

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

It receives a half-yearly summary on the operations and reports of the Internal Audit function.

Common provisions

The Internal Control, Risk Management and Compliance Committee and the Financial Statements Committee shall hold a joint meeting at least once a year in order to discuss matters affecting both risk management policy and the provisions to be set aside in the books of BNP Paribas. This meeting shall be chaired by the Chairman of the Financial Statements Committee."

9. CORPORATE GOVERNANCE AND NOMINATIONS COMMITTEE

In 2008, the members of the Corporate Governance and Nominations Committee were Alain Joly (Chairman), Claude Bébéar and Laurence Parisot. All of its members qualify as independent directors. Each member

is well versed in corporate governance issues and has a proven track record in the management of major international corporations.

- No members of the Bank's Executive Management sit on the Committee. The Commission shall include the Chairman of the Board of directors in its work on seeking out and selecting new directors and on the replacement of corporate officers⁽¹⁾.

Extracts from the Board of directors' Internal Rules Corporate Governance and Nominations Committee

- the Committee is tasked with monitoring corporate governance issues. Its role is to help the Board of directors to adapt corporate governance practices within BNP Paribas and to assess the performance of Board members,
- it tracks developments in corporate governance at both global and domestic levels. It selects the measures best suited to the Group with the aim of bringing its procedures, organisation and conduct into line with best practices,
- it regularly assesses the performance of the Board using either its own resources or any other internal or external procedure that it deems appropriate,
- it examines the draft report of the Chairman of the Board on corporate governance and all other documents required by applicable laws and regulations,
- the Committee puts forward recommendations for the post of Chairman of the Board for consideration by the Board of directors,

- acting jointly with the Chairman of the Board, the Committee puts forward recommendations for the post of Chief Executive Officer for consideration by the Board, and acting on the recommendation of the Chief Executive Officer, it puts forward candidates for the post of Chief Operating Officer,
- the Committee assesses the performance of the Chairman, in his absence. It also assesses the performances of the Chief Executive Officer and Chief Operating Officers, in the absence of the parties in question,
- it is also responsible for developing plans for the succession of corporate officers,
- it makes recommendations to the Board of directors on the appointment of Committee Chairmen and Committee members,
- it is also tasked with assessing the independence of the directors and reporting its findings to the Board of directors. The Committee shall examine, if need be, situations arising should a director be repeatedly absent from meetings.

⁽¹⁾ AFEP-MEDEF Corporate Governance Code (point 15-1).

Report of the Chairman of the Board of directors on the conditions for the preparation and organisation of the work of the Board and on internal control procedures implemented by BNP Paribas

- In 2008, the Corporate Governance and Nominations Committee met three times with an attendance rate of 78%.

Performance of the Board - Assessing the performance of the directors ⁽¹⁾

In 2008, the Committee prepared an assessment of the performance of the Board of directors and of its specialised Committees. A summary of the assessments made by directors was submitted to them for review before being presented the report by the Committee's Chairman.

- The Committee noted that improvements recommended by the Board in the assessment for 2007 were duly implemented.
- The Committee assessed the individual contribution of each director to the Board of directors and to the Committees. It examined the conditions under which François Grappotte carried out his duties and functions as Chairman of the Internal Control, Risk Management and Compliance Committee, particularly with regard to the requirements of commitment and independence required by these duties, and recommended that the Board renew the term of office of François Grappotte, Suzanne Berger Keniston, Jean-François Lepetit and Hélène Ploix.
- After having examined her candidature in view of the criteria previously defined by it and submitted to the Board's approval, the Committee proposed the choice of Daniela Weber-Rey to the Board in replacement of Gerhard Comme, who resigned from the Board. It carried out a first review of the terms of office coming up for expiry in 2009.
- The Committee did not find any instance of non-compliance with EC Regulation no. 809/2004 in the personal circumstances of directors, nor did it receive any statement from a director indicating that there was such an instance. It did not note any breaches of ethical rules by any BNP Paribas director.

Succession planning ⁽²⁾

- With the Chairman of the Board, the Board carried out an in-depth examination of the situation in terms of succession and continuity in the Group's Executive Management.
- It reviewed a plan to modify Executive Management and the Chairman's proposal, in accordance with the Chief Executive Officer, to appoint Jean-Laurent Bonnafé as Chief Operating Officer, in replacement of Jean Clamon. It recommended that the Board adopt these proposals.

Evaluation of corporate officers

- The Board carried out a performance review, outside his presence, of its Chairman.
- It also assessed the performances of the Chief Executive Officer and Chief Operating Officers, with the parties in question not present.
- The performance reviews of corporate officers is made in view of the foresight, decision-making and leadership skills shown by the officer in implementing the Group's strategy and preparing its future. Based on this review the variable part of compensation tied to personal objectives is determined.

⁽¹⁾ AFEF-MEDEF Corporate Governance Code (point 15-2).

⁽²⁾ AFEF-MEDEF Corporate Governance Code (point 15-2-2).

⁽³⁾ AFEF-MEDEF Corporate Governance Code (point 16-2).

Report by the Chairman

- The Committee reviewed the section of the Chairman's draft report on corporate governance and recommended its approval by the Board of directors.

10. COMPENSATION COMMITTEE

- In 2008, the members of the Compensation Committee's members were Alain Joly (Chairman), Jean-Louis Beffa and François Grappotte, i.e., two-thirds of its members were independent directors. Its members have extensive experience and expertise in the field of compensation systems, share-based incentive plans and pension issues in major international corporations.
- No members of the Bank's Executive Management sit on the Committee. The Chairman of the Board of directors is not a member of the Committee, but is invited to take part in its deliberations, except those which concern him personally⁽³⁾. The Committee interviews the Head of Group Human Resources.
- According to the Board of directors' Internal Rules, the Compensation Committee is tasked with addressing all issues related to the personal status of corporate officers, including compensation, pension benefits, stock options and provisions governing the departure of members of the Bank's corporate decision-making or representative bodies.
- The Committee proposes the basis of calculation and the individual amounts of annual directors' fees within the overall limits set by the Annual General Meeting of shareholders.
- In 2008, the Committee met five times with an attendance rate of 87%.
- The Committee examined the compensation of the Chairman, Chief Executive Officer and Chief Operating Officers. It set the amount of variable compensation payable in respect of 2007 and submitted proposals to the Board in this respect. Having been briefed on the findings of a survey of executive compensation in a number of comparable European banks, the Committee submitted its recommendations to the Board of directors concerning fixed compensation and the basis for determining variable compensation for 2008.
- It was informed of the compensation of the members of the Executive Committee.
- The Committee approved the terms and conditions of a new share-based incentive plan that includes both stock options and bonus shares. It ensured that this share-based incentive plan for 2008 was set up in accordance with legal requirements. It approved the list of beneficiaries of this plan, determined and proposed to the Board of directors the number of stock options to be granted to corporate officers. It specified the basis for calculating the exercise price after having ascertained that the adjustment mechanism implemented since 21 March 2003 had led, in each annual plan, to one or more increases in that price.
- The Committee defined the fixed compensation of Jean-Laurent Bonnafé, appointed Chief Operating Officer with effect as of 1 September 2008, as well as the basis for the calculation of his variable compensation for 2008 and submitted its proposals to the Board. It approved the compensation to which Jean Clamon may be eligible at the end of his duties as Chief Operating Officer and submitted its proposals to the Board.

- The Committee examined the AFEP-MEDEF recommendations of 6 October 2008 on the compensation of corporate officers and proposed that the Board implement them.
- The Committee carried out a preliminary review of the terms of the 2009 Global Share-Based Incentive Plan in view of the AFEP-MEDEF recommendations.

Compensation of directors

- The individual amount of directors' fees has remained unchanged since 2005. The Committee examined the proposed allocation of directors' fees for 2008 and presented its proposals to the Board.

INTERNAL CONTROL

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

BNP PARIBAS INTERNAL CONTROL GUIDELINES

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

The main regulation applicable to BNP Paribas in this sector is CCLRF Regulation no. 97-02⁽¹⁾ as amended, which defines the conditions for implementing and monitoring internal control systems in banks and investment firms. These rules lay down the principles relating to control systems for transactions and internal procedures, accounting systems and information processing, risk and performance measurement systems, risk supervision and control systems, and internal control documentation and reporting systems. Under article 42 of this Regulation, banks are required to prepare an annual statutory report on internal control for the attention of the Board of directors.

As required by Regulation no. 97-02, BNP Paribas has set up an internal control system (referred to herein as internal control) in which distinct organisations and managers are in charge of permanent controls and periodic controls. The internal control system must also take into account, as appropriate, the General Regulations of AMF (French Financial Markets Authority), regulations applicable to branches and subsidiaries outside France and to specialised operations such as portfolio management and insurance, the most widely accepted industry practices in this area and the recommendations of international bodies dealing with the capital adequacy framework issues, foremost among which are the Basel Committee and the Senior Supervisory Group.

INTERNAL CONTROL DEFINITION, AIMS AND STANDARDS

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

distributed within the Group and freely available to all Group employees, this Charter defines internal control as a mechanism for ensuring:

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

The Charter lays down rules relating to the organisation, lines of responsibility and remit of the various players involved in internal control, and establishes the principle that the different control functions (Compliance, General Inspection unit and Risk Management) must be exercised independently.

SCOPE OF INTERNAL CONTROL

One of the fundamental principles of internal control is that it must be exhaustive in scope: it applies in the same degree to all types of risk and to all entities in the BNP Paribas Group, whether operational (Core Businesses, Business Lines, Functions, Territories) or legal (branches and consolidated subsidiaries), without exception. It also extends to core services or operational activities that have been outsourced, in accordance with regulatory requirements, as well as to companies for which the Group ensures operational management, even if not integrated in the scope of consolidation.

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

FUNDAMENTAL PRINCIPLES OF INTERNAL CONTROL

Internal control in BNP Paribas is based on four key principles:

- **responsibility of operational staff:** the permanent control system must be incorporated within the operational organisation of the entities. Operational managers must ensure effective control over the activities for which they are responsible, and all employees are under the duty to provide early warnings about any problems or failings of which they are aware;
- **exhaustiveness of internal control** (see above, under "Scope of Internal Control");
- **separation of tasks:** this applies to the various phases of a transaction, from initiation and execution, to recording, settlement and control. The separation of tasks also exists between independent functions

⁽¹⁾ This document is frequently amended so as to improve the efficiency of internal control mechanisms.

CORPORATE GOVERNANCE

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carrying out independent controls and between permanent controls and periodic controls;

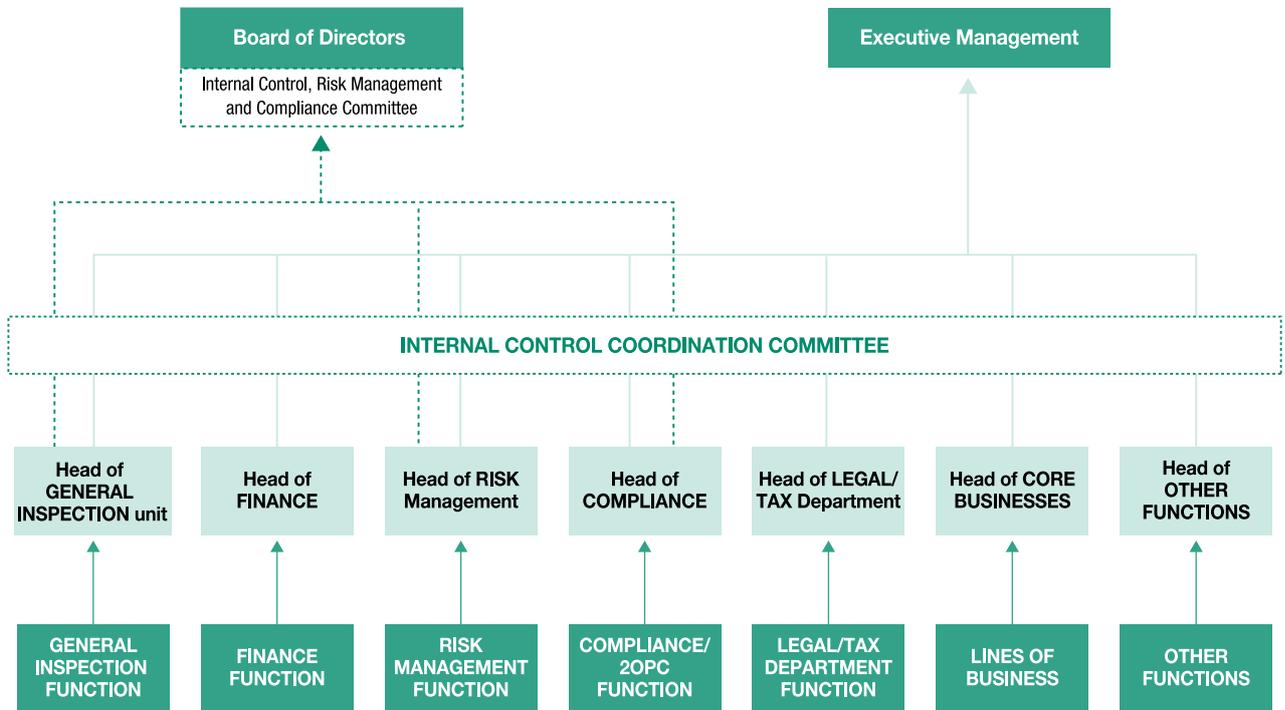
- **proportionality of risks:** the scope and number of controls must be proportional to the risk level covered. These controls may consist in one or more controls carried out by operational managers and, if necessary, one or more permanent control Functions;
- **internal control traceability:** this relies on written procedures and audit trails. Controls, results, exploitation and information reported by entities to higher Group Corporate Governance levels must be traceable.

Periodic control teams (General Inspection unit) verify that these four principles are complied with by carrying out regular inspections.

ORGANISATION OF INTERNAL CONTROL

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

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



PLAYERS INVOLVED IN INTERNAL CONTROL

- Executive Management, reporting to the Board of directors, is responsible for the Group's overall internal control system.
- Operational staff, at all levels (front/middle/back office, support function etc.), and in particular those in the reporting line of command have first-level responsibility for risk management and leading permanent control players. They carry out first-level controls: controls of the transactions handled by them and for which they are responsible, controls on the operations or transactions handled by other operational staff or management controls.

- Permanent Control Functions. These Functions carry out second-level controls:
 - the Compliance function contributes to permanent control of the risk of non-compliance, so as to ensure that the Group conforms to legal and regulatory provisions, professional and ethical standards, as well as the overall strategy of the Board of directors and Executive Management guidelines. It has considerable independence, notably ensured by its joint exercise with the Heads of operating units over the managers of teams in charge of compliance in the core businesses and support functions via a joint oversight arrangement. The Head of Compliance reports to the Chief Executive Officer and represents the Bank before the Commission Bancaire with regard to all matters concerning permanent controls,

it also ensures, through dedicated teams, the supervision of the operational permanent control system of lines of business (Core Businesses and Lines of Business) and of support and control Function,

lastly, it ensures a coordination role for the Group's overall internal control system, by coordinating the Internal Control Coordination Committee and major cross-functional projects, in particular those geared at bolstering the internal control system, which took on increased importance in 2008 and will be continued in 2009,

- the Risk Management Function contributes, notably by its "second-tier" controls of transactions and new activities, to ensuring that the credit and market risks taken by BNP Paribas comply and are compatible with its policy, the rating level it seeks to have and its profitability objectives. The duties associated to this Function at the Group Risk Management level are exercised independently of the core businesses and support Functions, contributing to the objectiveness of its permanent control. Its Head, who is a member of the Executive Committee, reports directly to the Chief Executive Officer,
- the Finance-Development Function is responsible for the preparation of financial statements and quality control management, overseeing project management for the Group's financial information systems and ensuring the compliance of the Group's financial structure. Its Head, who is a member of the Executive Committee, reports directly to the Chief Executive Officer,
- other Functions, which are key players involved in permanent control in their respective areas of responsibility: Legal Department, Tax Department, IT Production, Information Technology & Processes Department, Human Resources Department.
- Periodic control: periodic control (called "third-level" control) is independently exercised by the General Inspection unit for all Group entities. It includes:
 - inspectors based at headquarters, who are authorised to carry out controls throughout the Group,
 - auditors deployed in geographic or line of business hubs.
- Periodic Controls are the responsibility of the Head of the General Inspection unit who reports operationally to the Chief Executive Officer. The Head also reports to the Board of directors directly, or through the Internal Control, Risk Management and Compliance Committee.
- The Board of directors exercises internal control duties. In particular, it set up an Internal Control, Risk Management and Compliance Committee (ICRMCM), which:
 - analyses reports on internal control and on measuring and monitoring risks, as well as the General Inspection unit's reports on its operations, and exchanges of correspondence with main regulators,
 - examines the key focuses of the Group's risk management policy.

COORDINATION OF INTERNAL CONTROL

An Internal Control Coordination Committee (ICCC) meeting is held monthly with the main players involved in permanent control (see above), the Heads of the five core businesses or their representatives, and the Head of Periodic Control.

This Committee:

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

The Chairman of the ICCC reports to the Chief Executive Officer and, if the CEO or the Board of directors deems it necessary, to the Board of directors or the relevant Committee of the Board (usually the Internal Control, Risk Management and Compliance Committee).

In 2008, the ICCC's work covered the following main topics:

- review of the Group's Internal Control Charter;
- fraud prevention policies and procedures;
- cross-functional projects to improve the permanent control system;
- half-yearly reports on permanent control.

PROCEDURES

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

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

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

Among the Group's cross-functional procedures, applicable in all entities, those dealing with the validation of exceptional transactions, new products and new activities are especially important in the field of risk management, approval of day-to-day credit and market transactions. These processes rely essentially on committees (exceptional transactions committees, credit committees, etc.) primarily composed of operating staff and by permanent control functions (Risk and Compliance, as

well as Finance Department, Legal Department and other concerned functions) who carry out a "second tier" control on transactions. In case of dispute, it is escalated to a higher level in the organisation. At the summit of the process are the committees (Credit Committee, Capital Market Risk Committee, Risk Policy Committee) on which members of Executive Management sit. At the end of 2008, so as to allow Executive Management to carry out a periodic review on risk trends in the Group, beyond that entailed by the participation of its members in such Committees, a monthly Risk Committee was held.

HIGHLIGHTS OF 2008

Group Compliance

In 2008, the Group's internal control system was strongly marked by fraud prevention issues and by the consequences of the financial crisis.

A fraud prevention, detection and oversight policy, prepared in the course of 2007, was published in early 2008. It focuses on the essential role played by fraud prevention and detection in the permanent control system and organises oversight of Permanent Operational Control in this area. A second key action, which is still underway, is the review of the fraud prevention system in market operations in light of a ministerial report published at the start of year, and the introduction of necessary improvements.

As regards the financial crisis, besides setting up the Risk Committee referred to above, BNP Paribas has endeavoured to come up with summary of the salient findings made by international bodies such as the Senior Supervisory Group and private bodies such as the Institute of International Finance on failings in the internal control systems of financial institutions, to assess its system in view of those findings and implement any desirable improvements.

The very significant impact of the financial crisis on the internal control system did not prevent the continuance of efforts to introduce new organisational standards.

Permanent Operational Control

The Group's permanent control system was further consolidated in 2008 from a dual standpoint: the involvement of operational staff in risk management and the systematisation of this approach.

The role of operational staff was reaffirmed and the responsibilities of the teams in charge of coordinating and supervising the permanent control system were clarified. These teams were merged under the aegis of the Group Compliance Function, with dual central and operational lines of reporting at the level of core businesses and functions respectively, so as to make them more independent and allow them to play a whistle blowing and control role.

Permanent operational control at BNP Paribas is structured around five main aspects, which were bolstered in 2008:

- identification and assessment of risks, with special focus on the risk of fraud and significant incidents;
- risk measurement, with the application, since 1 January 2008, of advanced methods in terms of capital requirements for operational risk (Basel II);
- formalisation of generic control plans by main processes, to be adapted to each entity in view of its risk criticality;
- production of management reports as regards operational risks and controls, at a local and headquarters level, with a broader scope;
- enhanced steering of the system, in particular through the extension of Internal Control Committees to new entities and monitoring of the recommendations by the permanent control function.

These actions will be further developed in 2009, specifically as regards risk mapping and the industrialisation of the approach, so as to enable BNP Paribas to rely on a system of permanent operational control that reflects its objectives and its values.

Periodic control

The reorganisation of the General Inspection unit's resources was fully deployed in 2008. Internal audit staff are now grouped by geographic or line of business hubs. This new organisation has enabled defining clearer responsibilities, setting up short lines of communication and heightening the professionalism of internal audit staff at BNP Paribas, under optimum management and operating conditions.

In 2008, the Function also reviewed its "Recommendations" process, which is henceforth monitored by the permanent operational control. A workflow tool shared with auditees and Permanent Operational Control was developed to support this process.

The risk assessment methodology for this function was finalised and distributed in the form of a tool in the first half of 2008. This risk assessment methodology shared by all auditors of this function, so as to ensure the homogeneity of risk assessment, is the yardstick by which terms of reference are prepared.

The periodic control function also continued to invest in auditor skills development. The training offer was extended, and reliance on e-learning was increased while a catalogue featuring the function's training guidelines and enabling better skills management was made available to auditors.

Lastly, based on the work and findings of the quality program, the General Inspection unit launched a Knowledge program aiming at harmonising and enriching the knowledge base associated to the audit process. In this framework, existing guidelines on the internal audit process were reviewed and others created, specifically with a view to professional auditing standards.

INTERNAL CONTROL HUMAN RESOURCES

At the end of 2008, the number of full-time equivalent employees (FTE) in the various internal control function components was as follows:

	2005	2006	2007	2008	Variation 2007/2008
Compliance	465	614	740	928	+24%
Permanent Operational Control ⁽¹⁾	50	70	439	492 ⁽²⁾	+12%
Group Risk Management	834	869	881	954	+8%
Periodic Control	746	902	854	829	-3%
TOTAL	2,095	2,455	2,839	3,203	+13%

⁽¹⁾ The merger of the Permanent Control and Operational Risk monitoring having become effective in 2008, the new scope of the Permanent Control-Operational Risk entity was reconstituted for 2007 for the sake of comparison. It includes the Permanent Control, Operational Risk and Business Continuity Planning coordination teams.

⁽²⁾ Survey at mid-2008.

Second-level Permanent Controls

- The number of FTEs working in the Compliance function jumped 24% to stand at 928 at end-December 2008. Their rapid increase since 2005 has been driven by two developments:
 - continued strong like-for-like and acquisition-led growth throughout the Group,
 - major changes in regulations including a number of new requirements with structural implications for BNP Paribas (MiFID, Market Abuse Directive, the Third Directive, measures concerning embargoes, transparency requirements, etc.).
- This attests to the eagerness of BNP Paribas to provide adequate non-compliance risk management oversight procedures to keep pace with the sustained growth in the Group's businesses.
- The new Permanent Operational Control entity created following the merger in 2007 of the permanent control and Operational Risk monitoring teams, coordinates the implementation of the approach in the different Group entities. This new entity counted 492 FTE at mid-2008. This figure includes the head teams in the core businesses and functions but excludes the resources dedicated to accounting

internal control and the numerous teams of specialised controllers throughout the Group.

- At the end of 2008, Group Risk Management had 954 FTE. GRM continued to bolster its resources to as to better face the current financial crisis within the scope of GRM RCM (Risk Capital Market) and created two new departments (GRM R AMS and GRM R IRS) respectively responsible for the risk of the AMS and the International Retail Banking and Financial Services core businesses.

Periodic controls

Average headcount in the Bank's General Inspection unit fell slightly from 854 at 2007 year-end to 829 at 2008 year-end. This reduction is primarily explained by the restructuring of BNL, which has transferred lines of business and staff associated to periodic control to permanent control and experienced difficulties hiring. Difficulties of the same nature were also met by the IRS core business at some of its centres. The periodic control headcount of the other core businesses increased slightly. The ratio of auditors to auditees stood at 0.6% at the end of 2008, unchanged from 2007.

LIMITATION OF THE POWERS OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer has the broadest powers to act in all circumstances in the name of BNP Paribas and to represent the Bank in its dealings with third parties.

He shall exercise these powers within the limits of the corporate purpose and subject to those powers expressly granted by French law to Shareholders' Meetings and the Board of directors.

Within the Group, the Internal Rules of the Board of directors require the Chief Executive Officer to submit to the Board for prior approval any investment or divestment decision (excluding portfolio transactions) of more than EUR 250 million, and any proposed acquisition or divestment of equity interests of more than EUR 250 million. The Chief Executive Officer must seek preliminary approval from the Financial Statements Committee of the Board for audit engagements entailing total fees of over EUR 1 million (before tax).

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

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

Acting under the authority of the Chief Executive Officer, the Group Finance-Development function is responsible for the preparation and processing of accounting and financial information. Its duties and responsibilities include:

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

The responsibilities of the Finance function are exercised at different levels of the Group: within each accounting entity⁽¹⁾ by the local Finance Department function, at the level of each core business by the Finance Department function and by the Group Finance-Development function.

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

The core businesses/business lines/territories then perform further controls at their level on the financial statements prepared by the accounting entities. They enhance the quality of the reporting by carrying out appropriate reconciliations of accounting and management data.

The Group Finance-Development function gathers all the accounting and management information produced by the accounting entities in line with formalised reporting procedures validated by the core businesses/business lines/region. It then consolidates such data for use by Executive Management or for external reporting to third parties.

PRODUCTION OF ACCOUNTING AND FINANCIAL INFORMATION

Accounting policies and rules

The local financial statements for each entity are prepared under local GAAP while the Group consolidated financial statements have been prepared under IFRS (International Financial Reporting Standards) as adopted for use by the European Union.

The Accounting Policies Department of the central Group General Accounting Department defines, based on IFRS, the accounting policies to be applied on a Group-wide basis. It monitors regulatory changes and prepares new internal accounting policies and interpretations in accordance with such changes. An IFRS accounting manual has been produced and distributed to accounting teams within core businesses, business lines and entities on the internal network communication tools (Intranet) at BNP Paribas. It is regularly updated to reflect regulatory changes. This central department also regularly carries out specific analyses for the accounting entities.

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

Systems used

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

The information used to prepare the BNP Paribas Group consolidated financial statements is derived from the Bank's various transaction processing systems, from the Front Office to the accounting department. Routing controls are ensured at each level of the data transmission chain to ensure these systems are adequately fed. The Group also regularly upgrades these systems to adapt them to the growth and increasing complexity of its business.

Lastly, dedicated teams are responsible for defining the accounting procedures in the back office and accounting systems for application at the operational level of the accounting principles established by Group Finance-Development.

Process for collecting and preparing consolidated accounting and financial information

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

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

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

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

The Finance function of the relevant core business controls the consolidation packages from the accounting entities within its scope before reporting them to the department within Group Finance-Development in charge of preparing the consolidated financial statements.

- **Management data:** management information is reported on a monthly basis by each entity and business line to the Finance function of the relevant core business, which then reports management data consolidated at its level to the Budget and Strategic Management Control unit at Group Finance-Development.

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

PROCEDURE FOR CONTROL OF ACCOUNTING AND FINANCIAL INFORMATION

Accounting Internal Control within the Group Finance-Development function

To enable it to ensure the monitoring of accounting risks centrally, the Group Finance-Development function has combined the teams from "Group Control & Certification" and "BNP Paribas SA (France) Control & Certification" in a "Control & Certification" department.

"Group Control & Certification" has the following key responsibilities:

- defining the Group's policy as regards the accounting internal control system. This system provides for the implementation by the accounting entities of a certain number of principles organising the accounting internal control environment and key controls geared at ensuring the reliability of the information featured in their consolidation reporting package. The Group has issued accounting internal control guidelines for use by the consolidated entities and distributed a standard plan of accounting controls in 2008 listing the major controls aimed at covering the accounting risk;

- ensuring the correct functioning of the accounting internal control environment within the Group, in particular through the internal certification procedure described below;
- quarterly reporting to Executive Management and the Financial Statements Committee of the Board of directors on the quality of the financial statements being produced within the Group;
- monitoring implementation by the entities of the Statutory Auditors' recommendations in conjunction with the core businesses/business lines. This monitoring is facilitated by use of a dedicated tool (FACT) allowing each accounting entity to monitor the recommendations made to it and to regularly report on the progress made on different action plans. Group Finance-Development can identify improvements to the accounting internal control system made within the consolidated entities and provide, as applicable, solutions to any cross-functional problems that may have been identified thanks to the centralised monitoring of such recommendations.

The "BNP Paribas SA (France) Control & Certification" team is in charge of providing quality control on accounting information provided by the French Retail Banking network, and by Corporate and Investment Banking businesses that report to BNP Paribas SA (France) and entities for which Group Finance-Development is in charge of their accounting. The team has the following key responsibilities:

- liaising between the back offices feeding the accounting system and the Group Accounting department;
 - training back office teams in accounting controls and tools made available to them;
 - coordinating the "elementary certification process" (described below) whereby back offices report on the controls conducted by them;
 - implementing second-level accounting controls within all entities within its scope. These controls are in addition to the first-level controls carried out by back offices.
- The accounting control of BNP Paribas SA (France) relies in particular on accounting control tools that permit:
- identifying for each account, the sector responsible for its justification and control;
 - running reconciliations of the balances recorded in the accounting system with the balances in the operational systems for each business;
 - identifying suspense accounts so as to monitor their discharge.

Internal certification process

At Group level

The Group Finance-Development function has introduced a process of internal certification of quarterly data produced by the different accounting entities, as well as of the controls performed within Finance departments of the core businesses/business lines and by the Consolidation department within the Group Finance-Development function. The process uses the FACT (Finance Accounting Control Tool) internet/intranet-based application.

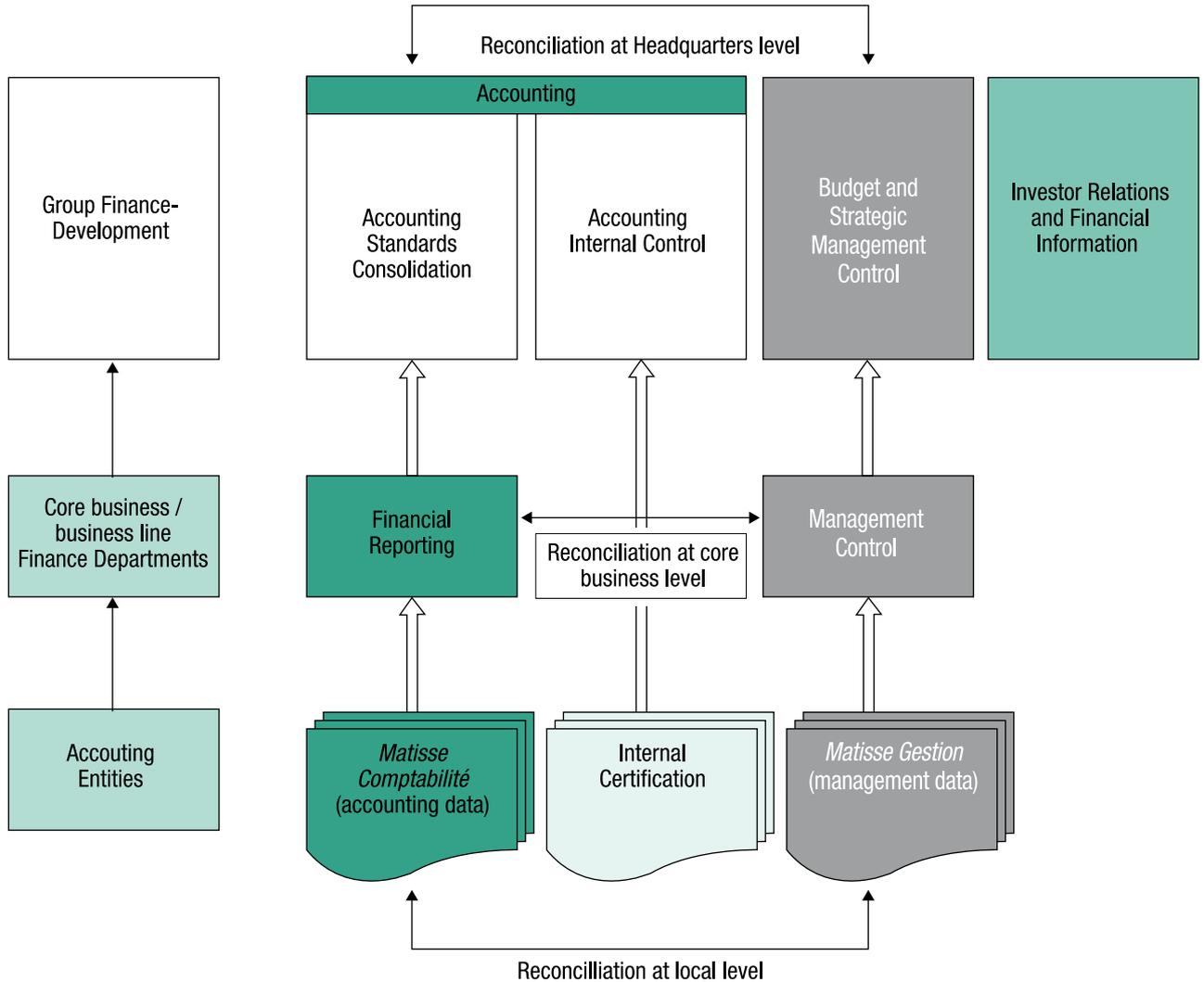
The Heads of Finance of the entities concerned certify to Group Finance-Development that:

- the accounting data reported to the Group Finance-Development function are reliable and comply with Group accounting policies;

■ the accounting internal control system designed to ensure the quality of accounting data is operating effectively.

This internal certification process forms part of the overall Group accounting internal control monitoring system and enables the Group Finance-Development function, which has overall responsibility for the preparation and quality of the Group's consolidated financial statements,

to be informed of any problems in the financial statements and to monitor the implementation by the accounting entities of appropriate corrective measures and, if necessary, to set aside appropriate provisions. A report on this procedure is presented to Executive Management and to the Financial Statements Committee of the Board of directors at the close of the Group's quarterly consolidated accounts.



At entity level

The certification procedure vis-à-vis the Group requires a suitably adapted accounting internal control system for each accounting entity that gives the local Finance function an overview of the entire accounting process. Towards this end, "Group Control & Certification" recommends implementing an "elementary certification" (or "sub-certification") process for accounting data whenever the processing of transactions and the preparation of accounting and financial data are organised in such a way that such process is necessary.

This process requires that those involved in preparing accounting data and in performing accounting controls (e.g., Middle Office, Back Office, Human Resources, Risk Management, Tax Department, Management Control/Planning, Accounts Payable, Treasury, IT Department, etc.) formally certify that the information provided is accurate and that the

basic controls designed to ensure the reliability of the accounting and financial data for which they are responsible are working effectively. The elementary certificates are sent to the local Finance department, which analyses them, prepares a summary report and liaises with the other players in order to monitor the effectiveness of the system.

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

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

The Group Finance-Development function, which is responsible for the production and quality of the Group's financial statements and

management accounting data, delegates the production and control of market values or models of financial instruments to the different players involved in measuring financial instruments within the overall process of monitoring market risk and management data.

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

The purpose of these control procedures is as follows:

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

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

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

Committees that meet on a monthly basis are gradually being set up to bring all of the players together to discuss the entire range of issues concerning the measurement and recognition of market transactions. As part of the quarterly accounts closing process, the Corporate Investment Banking Finance department reports back to an Executive Committee chaired by the Group Chief Financial Officer on the actions of the CIB Financial Control teams and their work to enhance control effectiveness and the reliability of the measurement and recognition of the results of market transactions. This Committee meets every quarter and brings together the directors of Group Finance-Development-Accounting, Corporate Investment Banking and Group Risk Management.

PERIODIC CONTROL - CENTRAL ACCOUNTING INSPECTION TEAM

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

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

The core aims of the team are as follows:

- to constitute a hub of accounting and financial expertise in order to reinforce the capability of the General Inspection unit when carrying out inspections in such areas;

- to disseminate internal audit best practices and standardise the quality of audit work throughout the BNP Paribas Group;
- to identify and inspect areas of accounting risk at Group level.

DEVELOPMENT OF THE ACCOUNTING INTERNAL CONTROL SYSTEM

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

RELATIONS WITH THE GROUP'S STATUTORY AUDITORS

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

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

- they examine any significant changes in accounting standards and present their recommendations concerning choices with a material impact to the Financial Statements Committee;
- they present the entity/business line/core business Finance functions with their findings, observations and recommendations for the purpose of improving certain aspects of the internal control system for the preparation of accounting and financial information, reviewed in the course of their audit.

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

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

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

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

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

2.3 Statutory Auditors' report pursuant to Article L. 225-235 of the Commercial Code on the report of the Chairman of the Board of directors

Deloitte Et Associés

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

PricewaterhouseCoopers Audit

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

Mazars

61, rue Henri-Regnault
92400 Courbevoie

BNP Paribas

16, boulevard des Italiens
75009 Paris

To the Shareholders,

In our capacity as Statutory Auditors of BNP Paribas, and in accordance with Article L. 225-235 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of your company in accordance with Article L. 225-37 of the French Commercial Code for the year ended 31 December 2008.

It is the Chairman's responsibility to prepare, and to submit to the Board of directors for approval, a report relating to the company's internal control and risk management procedures and providing the other information required by Article L. 225-37, in particular information in the matter of corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control procedures relating to the preparation and processing of financial and accounting information, and
- to certify that the report contains the other information required by Article L. 225-37, it being noted that our responsibility does not extend to verifying the fairness of this other information.

We performed our procedures in accordance with professional standards in France.

Information on internal control procedures relating to the preparation and processing of accounting and financial information

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

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

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

Statutory Auditors' report pursuant to Article L. 225-235 of the Commercial Code
on the report of the Chairman of the Board of directors

Other information

We certify that the report of the Chairman contains the other information required by Article L. 225-37 of the Commercial Code.

Neuilly-sur-Seine and Courbevoie, 11 March 2009

The Statutory Auditors

Deloitte & Associés

Pascal Colin

PricewaterhouseCoopers Audit

Étienne Boris

Mazars

Hervé Hélias

2.4 Executive Committee

At 31 December, 2008, the Executive Committee of BNP Paribas was composed of the following members:

- Baudouin Prot, Chief Executive Officer;
- Georges Chodron de Courcel, Chief Operating Officer;
- Jean-Laurent Bonnafé, Chief Operating Officer;
- Jean Clamon, Managing Director, Head of Compliance and Internal Control Coordinator;
- Philippe Bordenave, Senior Executive Vice-President, Chief Financial Officer;
- Jacques d'Estais, Head of Corporate and Investment Banking;
- Fabio Gallia, Head of BNL b.c.;
- Michel Konczaty, Chief Risk Officer;
- Frédéric Lavenir, Head of Group Human Resources;

- Alain Marbach, Global Head of Information, Technology and Processes;

- Alain Papiasse, Head of Asset Management and Services;

- François Villeroy de Galhau, Head of French Retail Banking.

Since November 2007, the Executive Committee of BNP Paribas has been assisted by a permanent secretariat.

Jacques d'Estais, current Head of CIB, was appointed Head of AMS. Alain Papiasse, current Head of AMS, was appointed Head of CIB. Both appointments shall be effective as of 31st March.

3

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3.1 BNP Paribas consolidated results

<i>In millions of euros</i>	2008	2007	Change
Revenues	27,376	31,037	-11.8%
Operating expenses and depreciation	(18,400)	(18,764)	-1.9%
Gross operating income	8,976	12,273	-26.9%
Cost of risk	(5,752)	(1,725)	nm
Operating income	3,224	10,548	-69.4%
Share of earnings of associates	217	358	-39.4%
Other non-operating items	483	152	nm
Total non-operating items	700	510	+37.3%
Pre-tax net income	3,924	11,058	-64.5%
Tax expense	(472)	(2,747)	-82.8%
Minority interests	(431)	(489)	-11.9%
Net income Group share	3,021	7,822	-61.4%
Cost/income ratio	67.2%	60.5%	+6.7 pts

A PROFITABLE 2008 DESPITE THE FINANCIAL CRISIS

Despite an unprecedented financial crisis, BNP Paribas generated consolidated revenue of EUR 27,376 million in 2008, down a limited 11.8% from 2007 thanks to the good resiliency of Retail Banking and AMS.

As a result of cost-cutting measures in all business units and a substantial reduction in bonuses, operating expenses were limited to EUR 18,400 million (down 1.9% from 2007).

The economic downturn, most notably in Spain, the US, and later the Ukraine, combined with numerous counterparty defaults in the dislocated financial markets (over EUR 2 billion impact for the year) pushed the cost of risk up to EUR 5,752 million, or over triple the 2007 level. However, the corporate loan portfolio remains of good quality with no significant deterioration in 2008. The household indebtedness ratios in France and in Italy, the Group's two domestic markets, are the lowest in Europe.

2008 saw sharp declines in equity markets, with the Eurostoxx 50 plummeting 44.3%. These equity market losses resulted in an impairment

charge of EUR 544 million to the Group's listed investment portfolio and of EUR 215 million to the Insurance business.

Pre-tax net income totalled EUR 3,924 million, compared with EUR 11,058 million in 2007. This profit stemmed from the relative strength of Retail Banking and AMS, and their ability to generate returns on pre-tax allocated capital of 25% and 28%, respectively. CIB posted a net loss of EUR 1,189 million in the wake of extremely violent market conditions at the end of the year. However, this loss reflects relative resiliency compared to similar activities in other banks.

Net income Group share came in at EUR 3,021 million, compared with EUR 7,822 million in 2007.

The Board of directors will propose a dividend of EUR 1 per share at the Annual General Meeting, with the option for shareholders to receive the dividend in shares.

Capital allocation

Revenue from the capital allocated to each division is included in the division's profit and loss account. The capital allocated to each division corresponds to the amount required to comply with the European Solvency Ratio requirements under Basel II, and is based on 6% of the risk-weighted assets. The risk-weighted assets are calculated as the sum of:

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

Each division is allocated the share of capital deducted prudentially from Tier 1 capital, which corresponds to 50% of the net asset value of investments in credit and financial institutions, and, if applicable, 50% of the equity tranches from securitisation transactions if these transactions are deducted from prudential capital.

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

3.2 Core business results

CORPORATE AND INVESTMENT BANKING (CIB)

<i>In millions of euros</i>	2008	2007	Change
Revenues	4,973	8,171	-39.1%
Operating expenses and depreciation	(3,711)	(4,785)	-22.4%
Gross operating income	1,262	3,386	-62.7%
Cost of risk	(2,477)	(28)	nm
Operating income	(1,215)	3,358	nm
Share of earnings of associates	1	8	-87.5%
Other non-operating items	25	89	-71.9%
Pre-tax net income	(1,189)	3,455	nm
Cost/income ratio	74.6%	58.6%	+16.0 pts
Allocated equity (€bn)	10.3	9.5	+9.0%

Revenues at CIB fell 39.1% in 2008 to EUR 4,973 million, as the business suffered from unprecedented market dislocations following the bankruptcy of Lehman Brothers. Fair value adjustments for the year totalled EUR 2 billion, compared with EUR 819 million in 2007.

The drying-up of liquidity accentuated the sudden, severe collapse in equity markets, the sharp rise in volatility, the closer correlations among stocks and among indices, and the dislocation of usual hedging positions. This accumulation of dire conditions in all markets caused CIB's market-related business to generate revenues of negative EUR 1,149 million in the fourth quarter. Client business remained robust thanks notably to the strengthening of the attractiveness of this franchise.

Performance varied substantially among the business units. Revenues at Equity and Advisory came in at negative EUR 341 million for the year, while revenues at Fixed Income reached EUR 2,407 million. The financing businesses posted a solid EUR 2,907 million of revenue amid a climate of reintermediation.

The accounting reclassifications that were performed from the trading book to the banking book pursuant to the amendment to IAS 39 related to 7.8 billion euros in assets, mostly from Fixed Income. After the reclassification, these assets contributed EUR 78 million to pre-tax income. Had these assets not been reclassified, the change in fair value after the reclassification date would have resulted in a posting a EUR 424 million in negative revenues on 31 December 2008.

CIB's operating expenses fell 22.4%, thanks notably to a sharp cut in bonuses, to EUR 3,711 million in 2008.

The cost of risk was again heavily impacted by risks in capital markets, and rose sharply to EUR 2,477 million (including EUR 974 million related to monoline insurers, EUR 326 million related to Lehman Brothers, and EUR 345 million related to the Madoff fraud).

In total, CIB generated a pre-tax loss of EUR 1,189 million in 2008, against a profit of EUR 3,455 million in 2007.

ADVISORY AND CAPITAL MARKETS

<i>In millions of euros</i>	2008	2007	Change
Revenues	2,066	5,567	-62.9%
<i>of which Equity and Advisory</i>	(341)	2,772	<i>nm</i>
<i>of which Fixed Income</i>	2,407	2,796	-13.9%
Operating expenses and depreciation	(2,607)	(3,588)	-27.3%
Gross operating income	(541)	1,979	nm
Cost of risk	(2,122)	(65)	<i>nm</i>
Operating income	(2,663)	1,914	nm
Share of earnings of associates	1	8	-87.5%
Other non-operating items	25	38	-34.2%
Pre-tax net income	(2,637)	1,960	nm
Cost/income ratio	126.2%	64.5%	+61.7 pts
Allocated equity (€bn)	3.8	3.3	+15.4%

Equity and Advisory posted a solid first nine months of 2008, but suffered in the fourth quarter due to unprecedented market dislocation (volatility, dividends, correlations).

Equity derivatives exposure, mostly generated by client related business, had already been steadily reduced since the beginning of the crisis, as testified by the stability of the value at risk in the first nine months of 2008 despite higher volatility. The management of the books turned out to be very costly in the context of the sudden and violent dislocation of various market parameters in the fourth quarter:

- volatility rising to unprecedented levels;
- sudden decline in dividend payout ratios anticipated by the market;
- sharp increase in the correlations among equities and among indices.

As liquidity evaporated, these exposures were amplified by unprecedented volatility and numerous stresses that generated repeated daily losses.

Strong measures to reduce market risks were then taken. They entailed reinforcing hedging despite the high cost, reducing positions that had become illiquid as well as the sensitivity to stress tests.

Fixed Income held up well in relative terms, generating EUR 2,407 million of revenue. Customer demand remained buoyant despite difficult markets, especially in interest rate and currency activates. However, the magnitude of the market movements triggered losses on positions associated with basis risk, and led to a sizable increase in credit adjustments on derivative counterparties (negative EUR 1,635 million), in particular on monoline counterparties (negative EUR 914 million).

Operating expenses fell 27.3% in 2008 to EUR 2,607 million.

The cost of risk was affected by defaulting counterparties (monolines, Lehman Brothers, Madoff and other market counterparties), and jumped to EUR 2,122 million in 2008, from EUR 65 million in 2007.

FINANCING BUSINESSES

<i>In millions of euros</i>	2008	2007	Change
Revenues	2,907	2,604	+11.6%
Operating expenses and depreciation	(1,104)	(1,197)	-7.8%
Gross operating income	1,803	1,407	+28.1%
Cost of risk	(355)	37	<i>nm</i>
Operating income	1,448	1,444	+0.3%
Non-operating items	0	51	<i>nm</i>
Pre-tax net income	1,448	1,495	-3.1%
Cost/income ratio	38.0%	46.0%	-8.0 pts
Allocated equity (€bn)	6.6	6.2	+5.6%

The financing businesses had an excellent 2008 and confirmed their status as a stable source of revenue. Revenues totalled EUR 2,907 million and grew markedly across the board thanks to strong demand for loans

amid a climate of reintermediation. Margins factor in the higher cost of capital and liquidity.

This performance confirms BNP Paribas' leadership in financing the real economy, especially in sectors such as energy, commodities, asset financing, and corporate acquisitions.

Operating expenses decreased by 7.8% in 2008 to EUR 1.104 billion.

The cost of risk was limited to EUR 355 million, after a EUR 37 million write back in 2007, due to the high quality and granularity of the loan portfolio.

Excellent operating performance and careful management of risk-weighted assets resulted in a return on allocated capital of 22%.

ASSET MANAGEMENT AND SERVICES (AMS)

<i>In millions of euros</i>	2008	2007	Change
Revenues	4,935	5,264	-6.3%
Operating expenses and depreciation	(3,423)	(3,369)	+1.6%
Gross operating income	1,512	1,895	-20.2%
Cost of risk	(207)	(7)	nm
Operating income	1,305	1,888	-30.9%
Share of earnings of associates	8	17	-52.9%
Other non-operating items	(3)	10	nm
Pre-tax net income	1,310	1,915	-31.6%
Cost/income ratio	69.4%	64.0%	+5.4 pts
Allocated equity (€bn)	4.7	4.1	+12.5%

The strong attractiveness of the AMS franchise was confirmed by its ability to collect EUR 11 billion in net assets in 2008, making BNP Paribas one of the few banks that saw a net inflow.

The division's business units continued to gain market share, most notably Private Banking, ranked sixth in the world by Euromoney (up three places), and Asset Management, which grew its French market share by 1.7 point to 9.9% (source: Europerformance, Dec. 2008).

Revenues totalled EUR 4,935 million, down 6.3% from 2007 as a result of a 13.8% decrease in the value of assets under management, a concentration of asset inflows in short-term products with lower added value, and a

EUR 215 million fair value adjustment to the Insurance business' equity portfolio. Netting out the latter effect, the drop in revenues was only 1.7%. Revenue from Securities Services bounced 12.2% in 2008 and continued to benefit from high transaction volumes.

Operating expenses edged up 1.6% in 2008, reflecting the flexibility of the businesses most affected by the market turmoil.

In spite of the crisis, AMS managed to generate a positive pre-tax net income of EUR 1,310 million.

WEALTH AND ASSET MANAGEMENT

<i>In millions of euros</i>	2008	2007	Change
Revenues	2,373	2,719	-12.7%
Operating expenses and depreciation	(1,755)	(1,828)	-4.0%
Gross operating income	618	891	-30.6%
Cost of risk	(24)	(4)	nm
Operating income	594	887	-33.0%
Share of earnings of associates	4	1	nm
Other non-operating items	1	6	-83.3%
Pre-tax net income	599	894	-33.0%
Cost/income ratio	74.0%	67.2%	+6.8 pts
Allocated equity (€bn)	1.0	0.8	+28.6%

INSURANCE

<i>In millions of euros</i>	2008	2007	Change
Revenues	1,318	1,436	-8.2%
Operating expenses and depreciation	(711)	(664)	+7.1%
Gross operating income	607	772	-21.4%
Cost of risk	(45)	(3)	nm
Operating income	562	769	-26.9%
Share of earnings of associates	3	15	-80.0%
Other non-operating items	(3)	4	nm
Pre-tax net income	562	788	-28.7%
Cost/income ratio	53.9%	46.2%	+7.7 pts
Allocated equity (€bn)	3.3	3.1	+8.7%

SECURITIES SERVICES

<i>In millions of euros</i>	2008	2007	Change
Revenues	1,244	1,109	+12.2%
Operating expenses and depreciation	(957)	(877)	+9.1%
Gross operating income	287	232	+23.7%
Cost of risk	(138)	0	nm
Operating income	149	232	-35.8%
Non-operating items	0	1	nm
Pre-tax net income	149	233	-36.1%
Cost/income ratio	76.9%	79.1%	-2.2 pts
Allocated equity (€bn)	0.3	0.3	+11.4%

RETAIL BANKING

FRENCH RETAIL BANKING (FRB)

<i>In millions of euros</i>	2008	2007	Change
Revenues	5,943	5,814	+2.2%
<i>incl. interest income</i>	3,292	3,126	+5.3%
<i>incl. fees and commissions</i>	2,651	2,688	-1.4%
Operating expenses and depreciation	(3,983)	(3,950)	+0.8%
Gross operating income	1,960	1,864	+5.2%
Cost of risk	(203)	(158)	+28.5%
Operating income	1,757	1,706	+3.0%
Non-operating items	1	0	nm
Pre-tax net income	1,758	1,706	+3.0%
Income attributable to AMS	(117)	(138)	-15.2%
FRB pre-tax net income	1,641	1,568	+4.7%
Cost/income ratio	67.0%	67.9%	-0.9 pt
Allocated equity (€bn)	3.9	3.8	+4.6%

Including 100% of FRB for Revenues to Pre-tax net Income line items.

Outstanding loans to individuals and corporate clients grew 7.2% and 16.6%, respectively, in 2008, illustrating FRB's commitment to supporting the real economy. The 10.9% growth in deposits marks an acceleration over last year.

FRB continued to win new individual customers, opening 200,000 new cheque and deposit accounts. FRB also continued to gain share in the corporate market, especially in terms of deposits, flows, and mutual fund asset inflows. Moreover, effective cross-selling resulted in many customer referrals with private banking throughout the year.

Revenues rose 2.2% to EUR 5,943 million ⁽¹⁾ in 2008. FRB's growth was limited primarily by a 14.2% drop in financial fees due to the adverse

climate for savings accounts. Banking fees increased 6.8%. Net interest income grew 5.3% thanks to good intermediation business, both in terms of deposits and loans.

Despite the ongoing branch renovation programme, operating expenses edged up a mere 0.8% ⁽¹⁾, allowing the division to attain a better-than-expected 1.4-point positive jaws effect.

Cost of risk remained moderate at 20 basis points of risk-weighted assets in 2008, compared with 17 basis point in 2007.

After allocating to AMS one-third of the net income generated by French Private Banking, pre-tax net income rose 4.7% to EUR 1,641 million ⁽²⁾.

BNL BANCA COMMERCIALE (BNL BC)

<i>In millions of euros</i>	2008	2007	Change 2007
Revenues	2,800	2,641	+6.0%
Operating expenses and depreciation	(1,757)	(1,744)	+0.7%
Gross operating income	1,043	897	+16.3%
Cost of risk	(411)	(318)	+29.2%
Operating income	632	579	+9.2%
Non-operating items	1	(1)	nm
Pre-tax net income	633	578	+9.5%
Income attributable to AMS	(5)	(6)	-16.7%
BNL bc pre-tax net income	628	572	+9.8%
Cost/income ratio	62.8%	66.0%	-3.2 pts
Allocated equity (€bn)	3.6	3.1	+13.2%

Including 100% of FRB for Revenues to Pre-tax net Income line items.

⁽¹⁾ Excluding the effects of French home savings plans (PELs) and home savings accounts (CELs), and including all of French Private Banking.

⁽²⁾ Excluding the effects of French home savings plans (PELs) and home savings accounts (CELs).

The integration of BNL was successfully completed in 2008. All the synergies, whose estimated total was revised upward 15% compared to the initial plan in early 2008, were implemented by year-end. This achievement underscores the Group's skill in integrating new acquisitions.

BNL bc continued its development in 2008 despite the adverse environment. The drive to win new customers resulted in the opening of over 47,000 cheque and deposit accounts during the year (vs. 6,100 in 2007, and a negative 86,000 in 2006 when BNL joined the BNP Paribas Group). Business from corporate customers continued to grow at a fast pace through both loans (with outstandings up 17.9% from 2007) and revenue from cash management and trade finance (up 6.5% from 2007).

Revenues grew 6.0% to EUR 2,800 million ⁽¹⁾ on the back of realised revenue synergies, a 14.6% increase in loan outstandings, and higher cross-selling fees from corporate clients.

Cost synergies helped keep the rise in operating expenses to a modest 0.7% in 2008, despite a branch renovation programme (40% of which had been completed at 31 December 2008) and the opening of 50 new branches. The resulting positive jaws effect was 5.3 points, higher than the 2008 target. This robust operating performance led to a remarkable 16.3% leap in gross operating income, and a further 3.2 point improvement in the cost/income ratio.

The cost of risk at EUR 411 million, up EUR 93 million from 2007 reflects the beginning of the economic downturn in Italy at the end of the year. This cost of risk corresponds to 73 basis points of risk-weighted assets, against 65 basis points in the prior year.

After allocating to AMS one-third of the net income generated by Italian Private Banking, BNL's pre-tax net income totalled EUR 628 million, up 9.8% from 2007.

BANCWEST

<i>In millions of euros</i>	2008	2007	Change
Revenues	2,027	1,991	+1.8%
Operating expenses and depreciation	(1,070)	(1,052)	+1.7%
Gross operating income	957	939	+1.9%
Cost of risk	(628)	(335)	+87.5%
Operating income	329	604	-45.5%
Share of earnings of associates	0	0	nm
Other non-operating items	4	15	-73.3%
Pre-tax net income	333	619	-46.2%
Cost/income ratio	52.8%	52.8%	+0.0 pt
Allocated equity (€bn)	2.3	2.4	-1.9%

BancWest confirmed its sales and marketing momentum despite the downturn in the US economy.

Revenue surged 8.5% to EUR 2,027 million in 2008 (at constant exchange rates) despite a EUR 92 million impairment charge on the preferred shares of Freddie Mac and Fannie Mae. This performance reflects an 11.6% growth in loans and an 8 basis point increase in the interest income margin (to 3.17%), resulting from a steeper yield curve and wider spreads.

The rise in operating expenses slowed to 8.4% in 2008, giving total operating expenses of EUR 1.070 million at constant exchange rates.

The cost of risk grew to EUR 628 million in 2008, from EUR 335 million in 2007. BancWest recognised a EUR 181 million impairment charge on its investment portfolio for the year. This portfolio had little overall exposure (under EUR 200 million) to subprime and Alt-A mortgages, CMBSs, and related CDOs at 31 December 2008. The balance of the cost of risk stems from a deterioration in the loan portfolio's credit quality across all segments in the wake of the recession. However, this deterioration has hurt BancWest less than most of its peers.

Pre-tax net income for the year totalled EUR 333 million, against EUR 619 million in 2007. BancWest is one of the few US retail banks that was largely profitable in 2008.

⁽¹⁾ Includes all of Italian Private Banking.

EMERGING MARKET RETAIL BANKING

<i>In millions of euros</i>	2008	2007	Change
Revenues	1,896	1,371	+38.3%
Operating expenses and depreciation	(1,146)	(897)	+27.8%
Gross operating income	750	474	+58.2%
Cost of risk	(377)	(81)	nm
Operating income	373	393	-5.1%
Share of earnings of associates	14	16	-12.5%
Other non-operating items	147	70	+110.0%
Pre-tax net income	534	479	+11.5%
Cost/income ratio	60.4%	65.4%	-5.0 pt
Allocated equity (€bn)	2.2	1.4	+54.0%

The Emerging Market Retail Banking business continued to expand in 2008, winning 250,000 new customers and opening 167 new branches (mostly in the Mediterranean basin). This achievement illustrates the business' effective sales and marketing efforts. Outstanding loans grew 32.6%; by end 2008, over 60% of the loans were in the Mediterranean basin (21% at TEB) and less than 20% were in the Ukraine.

Revenue soared 38.3% (or 35.1% at constant scope and exchange rates) to EUR 1.896 million, thanks to the heavy regional diversification of the business.

Operating expenses grew slower than revenue (up 27.8%, or 28.8% at constant scope and exchange rates) in spite of sustained investment spending. The cost/income ratio improved 5.0 points to 60.4%.

The cost of risk at EUR 377 million rose sharply compared to the same period 1 year earlier (EUR 81 million in 2007). This increase stems primarily from a EUR 318 million provision in the Ukraine, which includes EUR 244 million of portfolio-based provision related to the economic downturn in the country at the end of the year. The cost of risk remained moderate in the other emerging countries.

The sale of the Lebanese operations and TEB's insurance business generated EUR 145 million of non-operating income in 2008, compared with EUR 70 million of non-operating income in 2007.

Pre-tax net income totalled EUR 534 million in 2008 (vs. EUR 479 million in 2007), underscoring the very good performance of the Group's emerging market operations.

PERSONAL FINANCE

<i>In millions of euros</i>	2008	2007	Change
Revenues	3,792	3,411	+11.2%
Operating expenses and depreciation	(2,101)	(1,949)	+7.8%
Gross operating income	1,691	1,462	+15.7%
Cost of risk	(1,218)	(730)	+66.8%
Operating income	473	732	-35.4%
Share of earnings of associates	84	76	+10.5%
Other non-operating items	109	0	nm
Pre-tax net income	666	808	-17.6%
Cost/income ratio	55.4%	57.1%	-1.7 pt
Allocated equity (€bn)	2.7	2.4	+11.3%

Revenue jumped 11.2% to EUR 3,792 million in 2008, driven notably by the integration of new businesses, particularly in Brazil, and a 14.8% increase in loan outstandings. Cost-cutting measures limited the climb in gross operating expenses to 7.8%, enabling Personal Finance to achieve a solid 15.7% growth in gross operating income and a positive 3.4-point jaws effect.

The cost of risk, at EUR 1,218 million or 222 basis points (vs. 156 basis points in 2007), was driven upwards by deteriorating economic conditions, mainly in Southern and Central Europe.

Including the gain on the sale of the Group's stake in Cofidis, pre-tax net income totalled EUR 666 million in 2008 (vs. EUR 808 million in 2007).

EQUIPMENT SOLUTIONS

<i>In millions of euros</i>	2008	2007	Change
Revenues	1,067	1,170	-8.8%
Operating expenses and depreciation	(716)	(727)	-1.5%
Gross operating income	351	443	-20.8%
Cost of risk	(155)	(82)	+89.0%
Operating income	196	361	-45.7%
Share of earnings of associates	(15)	(9)	+66.7%
Other non-operating items	(1)	9	nm
Pre-tax net income	180	361	-50.1%
Cost/income ratio	67.1%	62.1%	+5.0 pts
Allocated equity (€bn)	1.6	1.5	+2.2%

The Equipment Solutions business remained buoyant in 2008, with 5.2% growth in loan outstandings and 6.5% growth in managed vehicles. However, revenue slid 8.8% to EUR 1,067 million as a result of lower second-hand vehicle prices.

Operating expenses were well under control, and fell 1.5%. Pre-tax net income decreased to EUR 180 million, from EUR 361 million in 2007, reflecting the sharp rise in cost of risk that stemmed primarily from one-off provisions on a few transactions.

3.3 Selected exposures based on Financial Stability Forum recommendations

EXPOSURE TO CONDUITS AND SIVS

As at 31 December 2008 <i>(in billions of euros)</i>	Entity data		BNP Paribas exposure				
	Assets funded	Securities issued	Liquidity lines		Credit enhancement ⁽¹⁾	ABCP held and others	Maximum commitment ⁽²⁾
			Line outstanding	o/w cash drawn			
BNP Paribas sponsored entities							
ABCP conduits	12.8	12.9	12.9	-	0.7	1.3	15.3
Structured Investment Vehicles	-	-	-	-	-	-	-
Third party sponsored entities (BNP Paribas share)							
ABCP conduits	n.s	1.3	1.3	-	-	-	1.3
Structured Investment Vehicles	n.s	-	-	-	-	0.0	-

⁽¹⁾ Provided by BNP Paribas. In addition, each programme benefits from other types of credit enhancement.

⁽²⁾ Represent the cumulative exposure across all types of commitments in a worst case scenario.

10% of the ABCPs issued by sponsored conduits (equivalent to EUR 1.3 billion) were held in the trading book at 31 December 2008, compared with 30% at 30 September 2008.

The Group does not have any exposure to SIVs.

SPONSORED ABCP CONDUITS

► BREAKDOWN BY MATURITY AND REGION

Sponsored ABCP conduits as at 31 December 2008 (in billions of euros)	Starbird United States	Matchpoint Europe	Eliopee Europe	Thesee Europe	J Bird 1 & 2 Japan	TOTAL
Ratings	A1/P1	A1+ / P1	P1	A1/P1/F1	A1/P1	
BNP Paribas commitments	7.1	5.4	1.3	0.6	0.8	15.3
Assets funded	5.8	4.6	1.1	0.6	0.8	12.8
Breakdown by maturity						
0-1 year	25%	25%	49%	98%	43%	31%
1 year - 3 years	32%	42%	9%	2%	44%	33%
3 year-5 years	17%	19%	42%	0%	9%	19%
> 5 years	26%	14%	0%	0%	4%	17%
TOTAL	100%	100%	100%	100%	100%	100%
Breakdown by geography ⁽¹⁾						
USA	97%	1%	-	-	-	46%
France	-	7%	81%	81%	-	13%
Spain	-	21%	-	-	-	8%
UK	-	7%	-	19%	-	3%
Asia	-	12%	-	-	100%	9%
Diversified and Others	3%	51%	19%	-	-	21%
TOTAL	100%	100%	100%	100%	100%	100%

⁽¹⁾ Convention used is: when a pool contains more than 50% country exposure, this country is considered to be the one of the entire pool. Any pool where one country does not reach this level is considered as diversified.

► BREAKDOWN BY ASSET CLASS

Sponsored ABCP conduits as at 31 December 2008 (in billions of euros)	Starbird United States	Matchpoint Europe	Eliopee Europe	Thesee Europe	J Bird 1 & 2 Japan	Total	
						by asset type	o/w AAA
Breakdown by asset type							
Auto Loans, Leases & Dealer Floorplans	36%	34%	-	-	-	29%	
Trade Receivables	12%	24%	81%	81%	-	24%	
Consumer Loans & Credit Cards	10%	8%	-	-	100%	13%	
Equipment Finance	13%	4%	-	-	-	7%	
Student Loans	12%	-	-	-	-	6%	
RMBS	-	4%	-	-	-	1%	100%
o/w US (0% subprime)	-	1%	-	-	-	0%	
o/w UK	-	-	-	-	-	-	
o/w Spain	-	2%	-	-	-	1%	
CMBS	-	11%	-	-	-	4%	100%
o/w US, UK, Spain	-	-	-	-	-	-	
CDOs of RMBS (non US)	-	5%	-	-	-	2%	100%
CLOs	11%	6%	-	-	-	7%	100%
CDOs of corporate bonds	-	5%	-	-	-	2%	79%
Insurance	-	-	19%	19%	-	2%	31%
Others	6%	1%	-	-	-	3%	37%
TOTAL	100%	100%	100%	100%	100%	100%	

FUNDING THROUGH PROPRIETARY SECURITISATION

Cash securitisation as at 31 December 2008 (in billions of euros)	Amount of securitised assets (Group share)	Amount of securities issued (Group share)	Securitized positions held	
			First losses	Others
IRS	5.1	5.8	0.2	0.3
o/w Residential loans	3.7	4.5	0.1	0.1
o/w Consumer loans	0.4	0.4	0.0	0.1
o/w Lease receivables	1.0	1.0	0.1	0.1
BNL	4.6	4.7	0.1	0.2
o/w Residential loans	4.6	4.7	0.1	0.2
o/w Consumer loans	-	-	-	-
o/w Lease receivables	-	-	-	-
o/w Public sector	-	-	-	-
TOTAL	9.7	10.5	0.3	0.5

EUR 9.7 billion of loans had been refinanced through securitisation at 31 December 2008, down from EUR 13.3 billion at 31 December 2007.

Following the transition to IFRS in 2005, SPVs are now consolidated in the BNP Paribas balance sheet whenever the Bank holds the majority of the corresponding risks and returns.

SENSITIVE LOAN PORTFOLIOS

PERSONAL LOANS

Personal loans as at 31 December 2008 (in billions of euros)	Gross outstanding					Provisions		Net exposure
	Consumer	FIRST MORTGAGE		Home Equity Loans	Total	Portfolio	Specific	
		Full Doc	Alt A					
US (BancWest)	8.5	8.1	0.3	2.9	19.8	(0.2)	-	19.6
Super Prime <i>FICO > 730</i>	5.2	4.5	0.2	1.8	11.7	-	-	11.7
Prime <i>600 < FICO < 730</i>	3.1	3.6	0.1	1.1	7.9	-	-	7.9
Subprime <i>FICO < 600</i>	0.1	0.1	0.0	0.0	0.3	-	-	0.3
UK (Personal Finance)	0.4	-	-	-	0.4	-	-	0.4
Spain (Personal Finance)	4.2	6.1	-	-	10.3	(0.1)	(0.4)	9.8

The Group's personal loans classified as sensitive included the following at 31 December 2008:

- a good-quality US portfolio, with only EUR 300 million of subprime loans;
- a negligible exposure to the UK, with no exposure to residential mortgages; and
- a well-secured exposure to Spain (and the risks related to the economic downturn) through guarantees in the mortgage portfolio and a sizable percentage of car loans in the consumer loan portfolio.

COMMERCIAL REAL ESTATE

Commercial Real Estate as at 31 December 2008 (in billions of euros)	Gross exposure				Provisions		Net exposure
	Home Builders	Property companies	OTHERS ⁽¹⁾	Total	Portfolio	Specific	
US	2.2	0.1	5.2	7.5	(0.1)	(0.1)	7.3
BancWest	1.8	-	5.2	7.0	(0.1)	(0.1)	6.8
CIB	0.4	0.1	-	0.5	-	-	0.5
UK (CIB)	0.1	1.0	0.1	1.2	-	-	1.2
Spain (CIB)	-	0.1	0.7	0.8	-	-	0.8

⁽¹⁾ Excluding owner-occupied and real estate backed loans to corporates.

The Group's commercial real estate loans classified as sensitive included the following at 31 December 2008:

- EUR 1.8 billion of exposure to the US residential construction market, including EUR 1.3 billion at BancWest and EUR 400 million at CIB;
- Exposure to the UK that is concentrated on large property companies; and
- Limited exposure to Spain, with no home builder exposure.

REAL ESTATE RELATED ABS AND CDOs EXPOSURE

► TRADING BOOK

Net exposure (in billions of euros)	12/31/2007	09/30/2008	12/31/2008
TOTAL RMBS	4.2	2.7	1.2
US	2.1	0.8	0.2
Subprime	0.1	0.0	0.0
Mid-prime	0.5	0.1	0.1
Alt-A	0.5	0.1	0.0
Prime*	1.0	0.6	0.1
UK	0.5	0.8	0.3
Conforming	0.0	0.1	(0.0)
Non conforming	0.5	0.7	0.3
Spain	0.9	0.8	0.5
Other countries	0.7	0.3	0.2
TOTAL CMBS	1.0	1.6	1.8
US	(0.1)	0.7	1.1
Non US	1.1	0.9	0.7
TOTAL CDOs (CASH AND SYNTHETIC)	0.1	0.0	(0.2)
RMBS	0.1	0.2	(0.1)
US	(0.2)	(0.1)	(0.1)
Non US	0.3	0.3	-
CMBS	-	(0.2)	(0.0)
TOTAL SUBPRIME, ALT-A, US CMBS AND RELATED CDOs	0.4	0.7	1.0

(* Excluding Government Sponsored Entities (EUR 3.3bn as at 12/31/2008))

The trading book's exposure to real estate ABSs and CDOs shrank by EUR 1.6 billion at 31 December 2008, as a result of reclassifications from the trading book to the banking book carried out under the amendment to IAS 39. Most of the trading book's exposure is in Europe, and consists of high-quality assets (89% are AAA-rated). Assets are booked at fair

value through profit or loss, with market prices or observable parameters used as the preferred basis for valuation when relevant.

Despite its increased exposure to US CMBSs following the unwinding of hedge positions, the trading book has little exposure to Alt-A mortgages, US CMBSs, and related CDOs.

► BANKING BOOK

Net exposure (in billions of euros)	12/31/2007	09/30/2008	12/31/2008		
	Net exposure ⁽²⁾	Net exposure ⁽²⁾	Gross exposure ⁽¹⁾	Impairment	Net exposure ⁽²⁾
TOTAL RMBS	1.7	2.9	4.3	(0.1)	4.2
US	1.3	1.7	2.3	(0.1)	2.2
Subprime ⁽¹⁾	0.1	0.2	0.2	(0.0)	0.2
Mid-prime	-	0.1	0.1	(0.0)	0.1
Alt-A	0.1	0.2	0.2	(0.0)	0.2
Prime ⁽³⁾	1.1	1.2	1.7	(0.0)	1.7
UK	0.0	0.1	0.8	(0.0)	0.8
Conforming	0.0	0.1	0.1	-	0.1
Non conforming	0.0	0.0	0.6	(0.0)	0.6
Spain	0.2	0.8	0.9	-	0.9
Other countries	0.1	0.3	0.4	-	0.4
TOTAL CMBS	0.2	0.4	0.5	(0.0)	0.5
US	0.1	0.1	0.1	-	0.1
Non US	0.2	0.3	0.4	(0.0)	0.4
TOTAL CDOs (CASH AND SYNTHETIC)	0.5	0.6	1.1	(0.6)	0.9
RMBS	0.2	0.3	0.8	(0.1)	0.6
US	0.0	0.0	0.2	(0.1)	0.0
Non US	0.1	0.3	0.6	(0.0)	0.6
CMBS	-	-	0.0	(0.1)	0.0
CDO of TRUPs	0.3	0.4	0.4	(0.4)	0.3
TOTAL SUBPRIME, ALT-A, US CMBS AND RELATED CDOs	0.3	0.5	0.7	(0.2)	0.5

⁽¹⁾ Entry price.

⁽²⁾ Exposure net of impairment.

⁽³⁾ Excluding Government Sponsored Entity backed securities (EUR 2.8bn as at 12/31/2008).

The banking book's exposure to real estate ABSs and CDOs grew by EUR 1.6 billion at 31 December 2008, as a result of reclassifications from the trading book to the banking book carried out under the amendment to IAS 39. The banking book's exposure consists of good-quality assets

(63% are AAA-rated). The assets are booked at amortised cost with the appropriate provision whenever there is a permanent impairment.

The banking book has negligible exposure to subprime and Alt-A mortgages, US CMBSs, and related CDOs.

MONOLINE COUNTERPARTY EXPOSURE

In billions of euros	12/31/2007		09/30/2008		12/31/2008	
	Notional	Gross counterparty exposure	Notional	Gross counterparty exposure	Notional	Gross counterparty exposure
CDOs of US RMBS subprime	2.97	1.34	3.01	2.60	2.04	1.74
CDOs of european RMBS	0.28	0.01	0.28	0.02	0.28	0.02
CDOs of CMBS	1.35	0.12	1.33	0.37	1.07	0.24
CDOs of corporate bonds	7.19	0.23	7.46	0.64	7.51	1.18
CLOs	5.47	0.17	5.34	0.17	5.36	0.27
Non credit related	nm	0.02	nm	0.02	nm	0.00
TOTAL GROSS COUNTERPARTY EXPOSURE	NM	1.88	NM	3.81	NM	3.44

The Bank's gross counterparty risk exposure from monoline insurers totalled EUR 3.44 billion at 31 December 2008, down from 30 September 2008 due to commutations with Ambac and CFIG. However, these commutations were partially offset by wider spreads on the underlying assets.

In billions of euros	12/31/2007	09/30/2008	12/31/2008
Total gross counterparty exposure	1.88	3.81	3.44
Credit derivatives bought from banks or other collateralized third parties	(0.77)	(0.61)	(0.73)
Total unhedged gross counterparty exposure	1.11	3.20	2.72
Credit adjustments and allowances ⁽¹⁾	(0.42)	(1.85)	(1.83)
NET COUNTERPARTY EXPOSURE	0.69	1.36	0.89

⁽¹⁾ Including specific allowance as at 31 December 2008 of €0.5bn related to monolines classified as doubtful.

The Bank's net counterparty risk exposure from monoline insurers totalled EUR 0.89 billion at 31 December 2008, down from 30 September 2008 as a result of commutations as well as additional credit adjustments in the fourth quarter.

► BREAKDOWN BY CREDIT RATING

Based on the lowest Moody's or Standard & Poor's rating (in billions of euros)	12/31/2008	
	Gross exposure	Net exposure
AAA/AA	0.36	0.13
A/BB	2.20	0.63
B and below	0.89	0.13
TOTAL GROSS COUNTERPARTY EXPOSURE	3.44	0.89

At 31 December 2008, the Group had limited gross and net exposure to the counterparties whose credit ratings have deteriorated the most.

LBO

	Final take by region
Asia	3%
USA	15%
Other Europe	15%
Germany	9%
Italy	11%
France	46%
TOTAL	100%

	Final take by industry
Business Services	22%
Media & Cultural Services	13%
Materials & Ores	10%
Communications Services	8%
Retail Trade	7%
Hotels, Tourism, Leisure	6%
Agriculture, Food, Tobacco	6%
Total Others	29%
TOTAL	100%

The Group's LBO final-take portfolio totalled EUR 8.8 billion at 31 December 2008. This portfolio is highly diversified (close to 400 transactions), and 95% of it consists of senior debt. The portfolio is booked as loans and receivables at amortised cost.

The LBO trading portfolio totalled EUR 100 million at 31 December 2008, down EUR 1.7 billion from 30 September 2008 after this amount was transferred to the banking book under the amendment to IAS 39.

3.4 Balance sheet

ASSETS

OVERVIEW

At 31 December 2008, the Group's consolidated assets amounted to EUR 2,075.6 billion, up 22.5% from EUR 1,694.5 billion at end 2007. The main components of the Group's assets were financial assets at fair value through profit or loss, loans and receivables due from customers, available-for-sale financial assets, loans and receivables due from credit institutions, and accrued income and other assets, which together accounted for 94.9% of total assets at 31 December 2008 (vs. 95.7% at 31 December 2007). The 22.5% increase in total assets reflects growth in most of the Group's asset categories, particularly financial assets at fair value through profit or loss (up 28.0%), loans and receivables due from customers (up 11.1%), cash accounts and accounts with central banks and post office banks (up 111.5%), and accrued income and other assets (up 36.1%).

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair or model value through profit or loss consist of trading account transactions (including derivatives) and certain assets designated by the Group as at fair or model value through profit or loss at the time of acquisition. Financial assets carried in the trading book include mainly securities, repurchase agreements, and derivatives. Assets designated by the Group as at fair value through profit or loss include admissible investments related to unit-linked insurance business, and to a lesser extent assets with embedded derivatives that have not been separated from the host contract. Specifically, financial assets at fair value through profit or loss break down into the following categories within the balance sheet: negotiable debt instruments; bonds; equities and other variable-income securities; repurchase agreements; loans to credit institutions, individuals and corporate customers; and trading book financial instruments. These assets are remeasured at fair value at each balance sheet date.

Total financial assets at fair value through profit or loss amounted to EUR 1,192.3 billion at 31 December 2008, up 28.0% from EUR 931.7 billion at 31 December 2007. This increase was driven by a 139.3% jump in trading book derivatives to EUR 566.9 billion at 31 December 2008, partially offset by a 40.0% decline in equities and other variable-income securities (to EUR 86.8 billion) and a 21.5% reduction in negotiable certificates of deposit (to EUR 65.1 billion). The expansion in trading book derivatives stems primarily from a 200% leap in interest rate derivatives (to EUR 297.6 billion) and a 182% climb in credit derivatives (to EUR 85.5 billion). Under IFRS, these increases cannot be offset by those recognised under liabilities for similar instruments classified as trading book derivatives.

Financial assets at fair value through profit or loss accounted for 57.4% of the Group's total assets at 31 December 2008, compared with 55.0% at 31 December 2007.

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

Loans and receivables due from credit institutions consist of demand accounts, interbank loans, and repurchase agreements.

Loans and receivables due from credit institutions (net of impairment provisions) amounted to EUR 69.2 billion at 31 December 2008, down 2.8% from EUR 71.1 billion at 31 December 2007. The majority of this decrease can be attributed to a 12.8% drop in demand accounts to EUR 13.5 billion. Provisions for impairments remained unchanged at EUR 0.1 billion at both 31 December 2008 and 2007.

LOANS AND RECEIVABLES DUE FROM CUSTOMERS

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

Loans and receivables due from customers (net of impairment provisions) amounted to EUR 494.4 billion at 31 December 2008, up 11.1% from EUR 445.1 billion at 31 December 2007. Loans to customers account for the bulk of this increase, as they grew 12.6% to EUR 454.2 billion. Demand accounts shrank 4.3% to EUR 28.5 billion. Receivables under finance leases expanded 3.3% to EUR 25.1 billion at 31 December 2008. Impairment provisions rose 14.4% to EUR 14.3 billion at 31 December 2008, up from EUR 12.5 billion at 31 December 2007.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are fixed- and variable-income securities other than those classified as "financial assets at fair value through profit or loss" or "held-to-maturity financial assets". These assets are remeasured at fair value at each balance sheet date.

Available-for-sale financial assets (net of impairment provisions) amounted to EUR 130.7 billion at 31 December 2008, up 16.1% from EUR 112.6 billion at 31 December 2007. This increase is due primarily to a 29.3% increase in bonds (to EUR 94.9 billion) and an 11.4% climb in negotiable certificates of deposit (to EUR 19.5 billion), offset by a 16.9% decrease in equities and other variable-income securities (to EUR 18.8 billion).

An additional EUR 1.5 billion of impairment provisions were recognised for available-for-sale financial assets, bringing the total from EUR 1.0 billion at 31 December 2007 to EUR 2.6 billion at 31 December 2008. Impairment provisions for available-for-sale financial assets are calculated at each balance sheet date. Unrealised losses on available-for-sale financial assets totalled EUR 1.7 billion at 31 December 2008, compared with an unrealised gain of EUR 5.0 billion at 31 December 2007. EUR 5.6 billion of this change can be attributed to lower unrealised gains on equities and other variable-income securities, due primarily to the sharp decline equity markets in 2008.

HELD-TO-MATURITY FINANCIAL ASSETS

Held-to-maturity financial assets are investments with fixed or determinable payments and a fixed maturity that the Group has the intention and the ability to hold until maturity. They are recorded in the balance sheet at amortised cost using the effective interest method. Held-to-maturity financial assets break down into two categories within the balance sheet: bonds and negotiable certificates of deposit.

Total held-to-maturity financial assets remained fairly stable over the year, edging down from EUR 14.8 billion at 31 December 2007 to EUR 14.1 billion at 31 December 2008.

ACCRUED INCOME AND OTHER ASSETS

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

Accrued income and other assets grew 36.1% to EUR 82.5 billion at 31 December 2008, from EUR 60.6 billion at 31 December 2007. This rise is due primarily to a 48.2% (or EUR 7.9 billion) climb in guarantee deposits and guarantees paid, and a 59.8% (or EUR 9.6 billion) increase in settlement accounts related to securities transactions.

CASH AND AMOUNTS DUE FROM CENTRAL BANKS AND POST OFFICE BANKS

Cash and amounts due from central banks and post office banks surged 111.5% to EUR 39.2 billion at 31 December 2008, from EUR 18.5 billion at 31 December 2007. EUR 20.8 billion of this increase comes from loans to central banks.

LIABILITIES (EXCLUDING SHAREHOLDERS' EQUITY)

OVERVIEW

The Group's consolidated liabilities (excluding shareholders' equity) totalled EUR 2,016.6 billion at 31 December 2008, up 23.3% from EUR 1,635.1 billion at 31 December 2007. The main components of the Group's liabilities are financial liabilities at fair value through profit or loss, amounts due to credit institutions, amounts due to customers, debt securities, accrued expenses and other liabilities, and technical reserves of insurance companies. These items together accounted for 98.3% of total liabilities (excluding shareholders' equity) at 31 December 2008. The 23.3% year-on-year increase was fuelled by a 32.5% jump in financial liabilities at fair value through profit or loss, a 19.4% increase in amounts due to customers, and a 41.9% leap in accrued expenses and other liabilities.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The trading book includes securities borrowing transactions, short selling transactions, repurchase agreements, and derivatives. Financial liabilities at fair or model value through profit or loss consist mainly of originated and structured issues, where the risk exposure is managed in combination with the hedging strategy. These types of issues contain significant embedded derivatives, whose changes in value are offset by changes in the value of the hedging instrument.

The total financial liabilities at fair value through profit or loss rose 32.5% to EUR 1,054.8 billion at 31 December 2008, from EUR 796.1 billion at

31 December 2007. This increase stems from a 122.9% surge in trading book derivatives (to EUR 545.0 billion), partially offset by a 27.8% drop in borrowed securities and short selling (to EUR 83.7 billion), and a 27.1% reduction in debt securities (to EUR 53.9 billion).

The change in trading book derivatives can be attributed to a 199% expansion in interest rate derivatives (to EUR 291.5 billion) and a 173% leap in credit derivatives (to EUR 82.4 billion). Under IFRS, these increases cannot be offset by those recognised under assets for similar instruments classified as trading book derivatives.

AMOUNTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions consist primarily of borrowings, but also include demand deposits and repurchase agreements. Amounts due to credit institutions grew 9.4% to EUR 186.2 billion at 31 December 2008. Most of this increase can be attributed to an 18.4% climb in borrowings (to EUR 154.3 billion).

AMOUNTS DUE TO CUSTOMERS

Amounts due to customers consist of demand deposits, term accounts, regulated savings accounts, and to a lesser extent, repurchase agreements. Amounts due to customers totalled EUR 414.0 billion at 31 December 2008, up 19.4% from EUR 346.7 billion at 31 December 2007. This reflects the combined impact of a 15.3% increase in term accounts and retail certificates of deposit (to EUR 161.7 billion) and a 24.4% rise in demand deposits (to EUR 198.9 billion).

DEBT SECURITIES

Debt securities consist of negotiable certificates of deposit and bond issues. They do not include debt securities classified as "financial liabilities at fair value through profit or loss" (see Note 5.a to the consolidated financial statements). Debt securities grew 11.7% to EUR 157.5 billion at 31 December 2008, from EUR 141.1 billion at 31 December 2007. This increase was driven by a 21.7% jump in negotiable debt securities (to EUR 129.6 billion), partially offset by a 19.2% fall in bond issues (to EUR 28.0 billion).

SUBORDINATED DEBT

Subordinated debt remained relatively unchanged over the year, inching down from EUR 18.6 billion at 31 December 2007 to EUR 18.3 billion at 31 December 2008.

TECHNICAL RESERVES OF INSURANCE COMPANIES

Technical reserves of insurance companies shrank 7.3% to EUR 86.5 billion at 31 December 2008, from EUR 93.3 billion at 31 December 2007. This decline is due mainly to lower technical reserves for life insurance.

ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of guarantee deposits received, settlement accounts related to securities transactions, collection accounts, accrued expenses and deferred income, and other creditors and miscellaneous liabilities.

Accrued expenses and other liabilities grew 41.9% to EUR 83.4 billion at 31 December 2008, from EUR 58.8 billion at 31 December 2007. This reflects the combined impact of an 86.8% climb in guarantee deposits received (to EUR 31.4 billion) and a 53.6% rise in other creditors and miscellaneous liabilities (to EUR 19.9 billion).

MINORITY INTERESTS

Minority interests remained relatively flat in 2008, at EUR 5.7 billion at 31 December 2008 compared with EUR 5.6 billion at 31 December 2007. The minority interest contribution to net income was EUR 0.4 billion in 2008, and was partially offset by a EUR 0.3 billion dividend and interim dividend payout, and a EUR 0.2 billion payment for preferred shares issued by the Group's foreign subsidiaries.

CONSOLIDATED SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP

Consolidated shareholders' equity attributable to the Group before dividend payments amounted to EUR 53.2 billion at 31 December 2008, vs. EUR 53.8 billion a year earlier.

Share capital, retained earnings, and net income Group share for the period totalled EUR 44.2 billion at 31 December 2008, up slightly from EUR 43.8 billion at 31 December 2007. The EUR 3.8 billion increase in

undated super subordinated notes to EUR 10.5 billion (from EUR 6.7 billion at 31 December 2007) was offset by a EUR 4.8 billion decrease in unrealised gains; the Group had an unrealised loss of EUR 1.5 billion at 31 December 2008 against an unrealised gain of EUR 3.3 billion at 31 December 2007.

OFF-BALANCE SHEET ITEMS

FINANCING COMMITMENTS

Financing commitments given to customers consist mostly of documentary credits, other confirmed letters of credit, and commitments relating to repurchase agreements. These commitments decreased 5.5%

to EUR 194.1 billion at 31 December 2008. Commitments to credit institutions grew 6.7% to EUR 27.7 billion. Financing commitments received consist primarily of stand-by letters of credit and commitments relating to repurchase agreements. The amount of financing commitments

received jumped 24.8% to EUR 134.2 billion at 31 December 2008, from EUR 107.5 billion at 31 December 2007. This increase reflects a 23.7% expansion in commitments received from credit institutions (to EUR 124.4 billion) and a 41.6% rise in commitments received from customers to (EUR 9.8 billion).

GUARANTEE COMMITMENTS

The amount of guarantee commitments shrank 7.4% to EUR 84.4 billion at 31 December 2008, from EUR 91.1 billion a year earlier. This decline can be attributed to a 4.9% reduction in commitments given to customers (to EUR 76.7 billion) and a 26.5% decrease in commitments given to credit institutions (to EUR 7.7 billion).

For further information concerning the Group's financing and guarantee commitments, see Note 6 to the consolidated financial statements.

3.5 Results of operations by nature of income and expense

REVENUES

<i>In millions of euros</i>	2008	2007	Change (2008/2007)
Net interest income	13,498	9,708	+39%
Net commission income	5,859	6,322	-7%
Net gain on financial instruments at fair value through profit or loss	2,693	7,843	-66%
Net gain on available-for-sale financial assets	464	2,507	-81%
Net income from other activities	4,862	4,657	+4%
REVENUES	27,376	31,037	-12%

GENERAL

The 12% decrease in revenues of the Group in 2008 as compared with 2007 was mainly due to a 81% decrease in net gains on available-for-sale financial assets, a 66% decrease in net gain on financial instruments at fair value through profit or loss, and a 7% decrease in net commission income, partially offset by a 39% increase in net interest income and a 4% increase in net income from other activities.

NET INTEREST INCOME

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

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

- net interest income from the Group's loans and receivables, representing interest plus transaction costs and fees and commissions included in the initial value of the loan, which is calculated using the effective interest method and recorded in the profit and loss account over the life of the loan;

- net interest income from fixed-income securities held by the Group which are classified as "Financial assets at fair value through profit or loss" and "Available-for-sale financial assets" (in the latter case, calculated using the effective interest method);
- net interest income (as opposed to changes in fair value, which are recognised in the line item "Net gain on financial instruments at fair value through profit or loss", as discussed in further detail below) from the Group's financial instruments at fair value through profit or loss that do not meet the definition of derivative instruments, calculated using the effective interest method (including interest, fees and commissions and transaction costs);
- interest income from held-to-maturity assets, which are investments with fixed or determinable payments and fixed maturity that the Group has the intention and ability to hold until maturity; and
- net interest income from cash flow hedges, which are used in particular to hedge interest rate risk on floating-rate assets and liabilities. Changes in fair value of the cash flow hedge are recorded in shareholders' equity. The amounts recorded in shareholders' equity over the life of the hedge are transferred to "Net interest income" as and when the cash flows from the hedged item are required to be recorded as profit or loss in the income statement.

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

In 2008, net interest income increased by 39% compared to 2007, to EUR 13,498 million. This increase resulted primarily from a 21% increase in net interest income on customer items, from EUR 14,299 million in 2007 to EUR 17,232 in 2008, due principally to a EUR 3,025 million increase in net income on deposits, loans and borrowings. The latter increase was in turn the result of an 11% increase in the outstanding amounts of loans and receivables due from customers, to EUR 494 billion at December 31, 2008.

In addition, interest income from available-for-sale financial assets increased by 28% to EUR 4,954 million mainly as a result of a 25% increase in the volume of such items. Finally, net interest income on the trading book was EUR 1,708 million in 2008, compared to a net interest expense on the trading book of EUR 331 million in 2007. This resulted from a 8% increase in interest income from fixed-income securities to EUR 4,631 million and decreases in net interest expense from repurchase agreements and debt securities of 41% and 35%, to EUR 947 million and EUR 1,870 million, respectively.

These increases were partially offset by:

- an 11% increase in net interest expenses paid on interbank items, from EUR 2,854 million in 2007 to EUR 3,163 million in 2008, due primarily to a 61% increase in net expense paid on repurchase agreements.
- a 12% increase in expenses paid on debt securities issued, from EUR 7,091 million in 2007 to EUR 7,935 million in 2008, resulting from a 12% increase in volume of debt securities.
- a EUR 420 million decrease in net income from interest rate portfolio hedge instruments from EUR 343 million in 2007 to net expenses from such items of EUR 77 million in 2008.
- a 94% decrease in net income from cash flow hedge instruments from EUR 729 million in 2007 to EUR 42 million in 2008.

More generally, the principal factors affecting the level of net interest income are the relative volumes of interest-earning assets and interest-bearing liabilities and the spread between lending and funding rates. Net interest income is also affected by the impact of hedging transactions, and, to a lesser extent, exchange rate fluctuations.

Interest-earning assets primarily include outstanding loans and receivables due from customers, outstanding loans and receivables due from credit institutions and fixed income securities classified as "Financial assets at fair value through profit or loss" and "Available-for-sale financial assets". Trends in such assets between December 31, 2007 and December 31, 2008 are summarised in the balance sheet analysis (3.4).

Volumes of interest-earning assets and interest-bearing liabilities can be affected by several factors in addition to general economic conditions and growth of the Group's lending businesses, either organically or through acquisitions. One such factor is the Group's mix of businesses, such as the relative proportions of capital allocated to interest-generating as opposed to fee-generating businesses. In addition, the ratio of interest-earning assets to interest-bearing liabilities is affected by the funding

of non-interest income by way of interest-bearing loans (i.e., the cost of carry of the Group's trading portfolio), thereby increasing interest-bearing liabilities without a corresponding increase in interest-earning assets.

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

For a further discussion of the factors affecting trends in total customer loans outstanding and total customer deposits during the period under review, see "3.2. Division results – Retail Banking" and "3.2. Division results – Corporate and Investment Banking". For more information with respect to movements in interest rate spreads in Retail Banking during the period under review, see "3.2. Division results – Retail Banking – French Retail Banking", "3.2. Division results – Retail Banking – BNL bc", "3.2. Division results – Bancwest", "3.2. Division results – Emerging Markets Retail Banking" and "3.2. Division results – Personal Finance".

NET COMMISSION INCOME

Net commission income includes commissions on interbank and money market transactions, customer transactions, securities transactions, foreign exchange and arbitrage transactions, securities commitments, forward financial instruments and financial services. Net commission income decreased by 7%, from EUR 6,322 million in 2007 to EUR 5,859 million in 2008. This resulted in part from a 16% decrease in net commission income related to trust and similar activities, from EUR 2,125 million in 2007 to EUR 1,777 million in 2008, as well as a decrease in volume of customer transactions, notably on financial products.

NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

This line item includes all profit and loss items (other than interest income and expense, which are recorded under "Net interest income", as discussed above) relating to financial instruments managed in the trading book and, to financial instruments designated as fair value through profit or loss by the Group under the fair value option of IAS 39. This in turn includes both capital gains/losses on sales and marking to market gains and losses, along with dividends from variable-income securities. Net gains/losses on the trading book also include gains and losses due to ineffectiveness of fair value hedges, cash flow hedges or net foreign investment hedges.

Net gains on financial instruments at fair value through profit or loss decreased by 66%, from EUR 7,843 million in 2007 to EUR 2,693 million in 2008. The gains and losses resulting from cash flows and remeasurement of financial instruments, either cash or derivatives, must be appreciated as a whole, in order to give the fair representation of the

profit and loss resulting from trading activities. The profit and loss items relating to variable and fixed rate securities transactions as well as related derivatives instruments amounted to -EUR 128 million (EUR 7,221 million in 2007), including EUR 2,449 million relating to arbitrage transactions (EUR 7,659 million in 2007), and -EUR 2,577 million for derivatives accounted for as fair value hedges (-EUR 438 million in 2007), especially portfolios hedged against interest rates, the revaluation of which led to income of EUR 2,550 million (EUR 399 million in 2007).

NET GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS.

Under IFRS, this line item includes net gains or losses on non-derivative financial assets not classified as either loans and receivables or held-to-maturity investments. Changes in fair value (excluding accrued interest) of the assets included within the available-for-sale category are initially recorded under "Unrealised or deferred gains or losses" in shareholders' equity. Upon the sale of such assets or upon recognition of an impairment loss, these previously unrealized gains or losses are credited or charged to the income statement, as the case may be, under the "Net gain/loss on available-for-sale financial assets" line item.

Net gains on available-for-sale financial assets decreased from EUR 2,507 million in 2007 to EUR 464 million in 2008. The decrease was due primarily to a substantial increase in impairment of available-for-sale variable-income securities from EUR 55 million to EUR 1,634 million and a decrease in net disposal gains from equities and other variable-income securities from EUR 1,898 million to EUR 1,478 million.

OPERATING EXPENSE AND DEPRECIATION

<i>In millions of euros</i>	2008	2007	Change (2007/2008)
Operating expense	(17,324)	(17,773)	-3%
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(1,076)	(991)	+9%
OPERATING EXPENSE AND DEPRECIATION	(18,400)	(18,764)	-2%

Operating expense and depreciation decreased slightly by 2%, from EUR 18,764 million in 2007 to EUR 18,400 million in 2008. Despite the overall decrease, operating expense and depreciation as a percentage of

NET INCOME FROM OTHER ACTIVITIES

This line item consists of net income from insurance activities, investment property, assets leased under operating leases, property development activities and other products. Net income from other activities increased by 4%, from EUR 4,657 million in 2007 to EUR 4,862 million in 2008. This increase was in turn due to an 8% increase in net income from insurance activities and an 8% increase in net income from investment property, partially offset by a 10% decrease in net income from other products and an 8% decrease in net income from assets leased under operating leases.

Regarding insurance, the principal components of net income from insurance activities are gross premiums written, movement in technical reserves, claims and benefit expenses and change in value of admissible investments related to unit-linked businesses. Claims and benefits expenses includes expenses arising from surrenders, maturities and claims relating to insurance contracts, and changes in the value of financial contracts (in particular unit-linked funds). Interest paid on such contracts is recorded under "Interest expense".

The increase in net income from insurance activities was primarily the result of an increase in technical reserves from a loss of EUR 6,247 million in 2007 to a gain of EUR 5,284 million in 2008, which is mainly linked to a decrease in the value of admissible investments related to unit-linked business from EUR 916 million in 2007 to a net expense of EUR 7,996 million in 2008. Gross premiums written decreased slightly from EUR 14,914 million in 2007 to EUR 13,473 million in 2008.

revenues increased from 60.5% for 2007 to 67.2% for 2008, reflecting a comparatively higher rate of decrease in revenues (11.8%).

GROSS OPERATING INCOME

The Group's gross operating income decreased by 27%, from EUR 12,273 million in 2007 to EUR 8,976 million in 2008, as a result of

the decrease in revenues and the relatively slower decrease in operating expenses.

COST OF RISK

<i>In millions of euros</i>	2008	2007	Change (2007/2008)
Net additions to impairment provisions	(5,786)	(1,762)	x3.3
Recoveries of loans and receivables previously written off	348	329	+6%
Irrecoverable loans and receivables not covered by impairment provisions	(314)	(292)	+8%
TOTAL NET ADDITIONS TO PROVISIONS	(5,752)	(1,725)	X3.3

This line item represents the net amount of impairment losses recognized in respect of credit risks inherent in the Group's banking intermediation activities, plus any impairment losses relating to counterparty risks on over-the-counter derivative instruments.

The increase in the cost of risk in 2008 compared to 2007 was mainly due to a significant increase in net additions to impairment provisions in 2008 compared to 2007. This increase was due in turn primarily to a 93.6% increase in provisions to EUR 2,378 million in International Retail Services, including in particular a 87.5% increase in provisions to EUR 628 million at Bancwest, and a 66.8% increase in provisions to EUR 1,218 million at Personal Finance. In addition, provisions in Corporate and Investment Banking increased by EUR 2,477 million of which EUR 1,997 million of provisions related to market counterparties. These increases resulted to a large extent from the sub-prime and credit crises and deteriorating market and economic conditions. See "3.2. Division results – Bancwest" and "3.2. Division results – Corporate

and Investment Banking." For a more detailed summary of the Bank's exposure to assets affected by the sub-prime and credit crises as well as the impact of the crisis on the Bank's results in 2008, see "Extension of the financial crisis started in the second half of 2007 into 2008" in Consolidated financial statements.

As at December 31, 2008, total doubtful loans and commitments amounted to EUR 16.4 billion (as compared to EUR 14.2 billion at December 31, 2007), and provisions totalled EUR 15 billion (as compared to EUR 12.8 billion at December 31, 2007). The coverage ratio at the same date remained at 91%. Provisions as a percentage of average risk weighted assets increased from 0.4% at December 31, 2007 to 1% at December 31, 2008.

For a more detailed discussion of net additions to provisions by division, see "3.2. Division results".

NET INCOME GROUP SHARE

<i>In millions of euros</i>	2008	2007	Change (2008/2007)
OPERATING INCOME	3,224	10,548	-69%
Share of earnings of associates	217	358	-39%
Net gain on non-current assets	481	153	x3.1
Change in value of goodwill	2	(1)	nm
Income taxes	(472)	(2,747)	-83%
Minority interests	431	489	-12%
NET INCOME	3,021	7,822	-61.4%

GENERAL

The 61% decrease in net income Group share to the Group was primarily due to a decrease in gross operating income net of provisions.

SHARE OF EARNINGS OF ASSOCIATES

The Group's share of earnings of associates (i.e., companies carried under the equity method) decreased from EUR 358 million in 2007 to EUR 217 million in 2008, as a result of the generally lower net income generated by these companies.

NET GAIN ON NON-CURRENT ASSETS

This item includes net realized gains and losses on sales of property, plant and equipment and intangible assets used in operations, and on sales of investments in consolidated undertakings still included in the scope of consolidation at the time of sale. Net gains on non-current assets increased from EUR 153 million in 2007 to EUR 481 million in 2008.

CHANGE IN VALUE OF GOODWILL

Badwill remained minimal at EUR 2 million in 2008, after an goodwill impairment accounted for EUR 1 million in 2007.

INCOME TAX

The Group recorded corporate income tax expense for 2008 of EUR 472 million, down significantly from EUR 2,747 million in 2007. The substantial decrease resulted from a decrease in pre-tax net income.

MINORITY INTERESTS

The share of earnings attributable to minority interests in companies consolidated by the Group decreased to EUR 431 million in 2008 compared to EUR 489 million in 2007.

3.6 Recent events

PRODUCTS AND SERVICES

BNP Paribas regularly offers new products and services to its customers. More information about these products and services can be obtained from

press releases on the Group's website at www.invest.bnpparibas.com.

ACQUISITIONS AND PARTNERSHIPS

NEW AGREEMENT ON THE TERMS OF THE ACQUISITION OF FORTIS' ACTIVITIES IN BELGIUM AND LUXEMBOURG

1. On 10 October 2008, the Belgian state, Fortis Holding ("Fortis"), and BNP Paribas signed a protocol agreement under which BNP Paribas would acquire 75% of Fortis Bank from the Belgian state and 100% of Fortis Insurance Belgium from Fortis. BNP Paribas also signed a protocol agreement with the state of Luxembourg under which BNP Paribas would acquire 16% of Fortis Banque Luxembourg (now BGL SA), 50.1%-owned by Fortis Bank, from the state of Luxembourg.

Under the terms of the agreement, BNP Paribas would also purchase a stake in Fortis' banking operations in Belgium and Luxembourg for approximately EUR 9 billion, payable in new BNP Paribas shares priced at EUR 68 per share, and would pay EUR 5.5 billion in cash for Fortis Insurance Belgium.

Following these transactions, the states of Belgium and Luxembourg would own stakes in BNP Paribas of 11.6% and 1.1%, respectively, and the Belgian state would have the right to appoint two new BNP Paribas Board members. The Belgian state would be required to maintain a 10% stake for two years, while the state of Luxembourg would be required to keep 50% of its stake for one year.

A review of Fortis Bank's loan portfolio revealed EUR 10.4 billion of complex structured assets; these assets were earmarked for transfer into a special purpose vehicle (SPV) that would be 10%-owned by BNP Paribas.

On 12 December 2008, following an appeal submitted by Fortis minority shareholders, the Brussels Court of Appeals ruled that some decisions made by the Boards of Fortis companies and the ensuing agreements – including the protocol agreement with BNP Paribas and the Belgian state – must be submitted for approval by Fortis shareholders at a general shareholders' meeting.

Therefore a general shareholders' meeting was held on 11 February 2009, during which 50.3% of the Fortis shareholders eligible to vote on the transaction voted against the sale of Fortis Bank to the Belgian state (acting through the Belgian state's investment company, Société Fédérale de Participation et d'Investissement or SFPI). As a result of this "No" vote, the shareholders did not vote on the protocol agreement with BNP Paribas.

2. On 7 March 2009, the Belgian State, Fortis, and BNP Paribas signed an amendment to the original protocol agreement modifying the terms of

BNP Paribas' acquisition of Fortis' operations in Belgium and Luxembourg. The main changes for BNP Paribas are as follows:

- Strategic partnership with Fortis Insurance Belgium

Fortis Bank will purchase a 25% stake in Fortis Insurance Belgium rather than the entire subsidiary. Fortis Bank will pay Fortis EUR 1,375 billion for this stake, based on the initial valuation of EUR 5.5 billion for the entire subsidiary. The exclusive insurance policy distribution agreement between Fortis Bank and Fortis Insurance Belgium will remain valid until 2020.

- Segregation of the riskiest structured loan assets

Along with the Fortis Bank assets already identified for placement into an SPV, around EUR 2 billion of additional lines in Fortis Bank's structured asset portfolio will also be transferred (based on values at 31 August 2008). Approximately EUR 1 billion of the assets initially earmarked for the SPV have been repaid since the original protocol agreement was signed. Therefore, the SPV's total value will be EUR 11.4 billion rather than EUR 10.4 billion.

BNP Paribas will own a 12% stake of the equity tranche of the SPV (or EUR 200 million out of EUR 1.7 billion), and a 10% stake of the senior debt tranche (or EUR 480 million out of EUR 4.85 billion). Fortis Bank will lend the SPV EUR 4.36 billion through a senior debt facility guaranteed by the Belgian state, and EUR 4.85 billion through a super senior debt facility. In addition, Fortis Bank will lend Fortis EUR 1 billion through a debt facility fully guaranteed by the Belgian state. This loan will be used to finance Fortis' stake in the SPV.

- Partial guarantee from the Belgian state for the structured asset portfolio remaining on Fortis Bank's balance sheet

Because the above modifications to the original protocol agreement have changed the scope of the SPV, the structured asset portfolio remaining on Fortis Bank's balance sheet will be EUR 2 billion lower than initially planned, and will have a nominal value of around 21.2 billion. This portfolio will carry a guarantee by the Belgian state for second-level losses. The Belgian state will guarantee a first tranche of losses totalling EUR 3.5 billion (based on values at 31 August 2008) – which are largely provisioned for in Fortis Bank's opening balance sheet – and a second tranche of up to EUR 1.5 billion of losses.

- Mechanism for maintaining Fortis Bank's Tier 1 ratio at 9.2%

If Fortis Bank's Tier 1 ratio falls below 9.2%, Fortis Bank can issue Tier 1-eligible securities which the Belgian state agrees to purchase for an amount of up to EUR 2 billion. These securities must be shares or non-innovative hybrid instruments, and the Belgian state's stake in Fortis Bank must remain below 50%. Fortis Bank will have this option for a period of up to three years.

- Continuation of the existing CASHES mechanism

Under the CASHES mechanism, Fortis will no longer have to pay a EUR 2.35 billion advance as stipulated in the original protocol agreement. However, the Belgian state will guarantee any payments that Fortis may make to Fortis Bank.

The amended protocol agreement is subject to a number of conditions precedent, including approval by Fortis shareholders at a general shareholders' meeting (scheduled to take place in April 2009), approval by the European Commission, and approval by all regulatory bodies concerned.

3.7 Outlook

CORE BUSINESSES

In 2009, Corporate and Investment Banking (CIB) will continue the de-risking process, which is largely under way, focusing on reducing the value at risk, the sensitivity to extreme market volatility, structural illiquid risks and the basis risk. This reduction, combined with an objective of stabilising the financing businesses' risk-weighted assets, will in turn bring down the division's risk-weighted assets.

CIB will proactively redesign its product offering to adapt it to its customers needs, whilst continuing to significantly scale back business in the most complex structured products, and expand the flow business while developing tailor-made hedge products.

Lastly, the division's organisation will be streamlined. Priority will be given to leadership in Europe. This move will enable CIB to scale back its cost base by 5%, on a full year basis, excluding variable compensation.

BNP Paribas confirms its ambition to be a key and competitive player in the new corporate and investment banking landscape, with a customer-driven model, a balanced business mix in which the financing businesses

play a significant role as they provide a recurring revenue base and one of the best global derivatives and capital markets platforms.

In 2009, **Asset Management and Services (AMS)** will continue to pursue its integrated development, in particular in terms of its product offering and cross-selling. In order to adapt the offering to the economic environment, products proposed will be simpler, more diversified and more liquid.

As a result of the crisis, AMS also plans to adapt the organisation of its business units, by notably:

- continuing the international roll out of the Wealth Management Networks model used in France after it was successfully introduced in Italy;
- design new insurance products; and
- take advantage of opportunities arising from outsourcing securities services by financial services groups.

Lastly, the division will endeavour to seek productivity gains in all business lines, in particular by expanding distribution to a larger number of third party networks and by optimising its global presence.

RETAIL BANKING

Starting in 2009, a Retail Banking entity is being created as an umbrella organisation for the Group's retail banking businesses, in order to speed up their development and their overall coherence. This entity oversees 6,000 branch offices, 16 million customers and generated EUR 17,525 million⁽¹⁾ in revenues in 2008.

The introduction of this entity means that:

- 6 new corporate retail banking functions will manage businesses and projects across the new organisation;
- a Retail Banking Information System was created; and
- Emerging Markets Retail Banking will be converted into an integrated operating entity.

This new entity will focus on four priorities:

- lead the Group's development initiatives in retail banking;
- pool expertise;
- promote industrialisation and share large-scale investments; and
- expand cross-selling.

In order to meet the key challenges of the crisis, FRB will focus on four priorities:

- adapt its product offering to falling short-term interest rates so as to maintain its superior deposit and savings asset inflow performance;
- optimise capital management whilst monitoring the return on risk-weighted assets and developing revenues requiring limited capital use: banking services, sale of insurance products, etc.
- maintain the competitive edge in risk management;
- stabilise costs while continuing hiring and investments.

In working with businesses and households as they carry out their projects, the division is committed to growing its outstanding loans by 4% in 2009.

Furthermore, FRB is focusing its efforts on growth driver projects such as the Internet and the multi-channel model as well as developing synergies both with the Group's other retail networks as well as with the specialised business units.

In 2009, the division's goal is to maintain a positive 1 point jaws effect.

In 2009, in pursuit of its commercial drive, BNL bc expects to open 50 new branches, bringing the total number of openings to 100 since it

joined the Group. The bank will focus its priorities on developing flow products and cross-selling.

In order to stabilise its costs, BNL bc's goal will be to pursue the rightsizing of the workforce and to integrate its IT systems with the Group's systems in France.

These efforts should again produce a 5 points jaws effect in 2009.

With the deteriorating economic environment, BNL plans to capitalise on the managerial actions under way to strengthen risk management, implementing more selective loan approval criteria and introducing branches offering watchlist customers an opportunity to renegotiate loan repayment terms.

In 2009, in an effort to adapt to the new environment in the U.S., BancWest will focus on:

- optimising the distribution channels, in particular by rolling out the product offering throughout the entire network;
- maintaining cost management discipline, in particular by moving to paperless middle and back office processes;
- preserving the quality of the loan portfolio by stabilising outstandings and maintaining disciplined credit selection criteria.

In 2009, Emerging Markets Retail Banking plans to adapt its growth to the new risk and liquidity environment:

- in Ukraine, whilst the origination of new loans has already stopped, the retail and corporate loan portfolio will be restructured and the teams dedicated to loan collection will be beefed up. Costs will be cut (closure of 100 branches and job cuts);
- in the other emerging markets, efforts will be made to selectively acquire new customers. The priority will be on enhancing operating efficiency in the other networks with, in particular, a freeze on hiring in some countries, speeding up the integration of the Sahara Bank as well as new measures to streamline back offices.

In 2009, Personal Finance plans to:

- reinforce synergies with the Group's retail networks;
- expand its cost-cutting programme: these measures should allow Personal Finance to generate a positive 2 point jaws effect in 2009; and
- continue actions undertaken in 2009 to reduce the impact of the crisis on credit risk and, in particular, to refocus new loan origination and beef up the loan collection teams.

THE GROUP'S FINANCIAL STRENGTH FURTHER REINFORCED

As at 31 December 2008, BNP Paribas' Tier 1 capital totalled EUR 41.8 billion, up EUR 5.3 billion compared to its level at 31 December 2007 thanks to the Group's continued capacity to generate profits and

the participation, in the fourth quarter of the year, in the first stage of the French economic stimulus plan for the amount of EUR 2.55 billion.

⁽¹⁾ Including 100% of French Private Banking and excluding PEL/CEL and 100% of Italian Private Banking.

Risk-weighted assets grew +11.5% in 2008, a testimony to the Group's commitment to support the real economy.

The Tier 1 ratio was thus 7.8% as at 31 December 2008 compared to 7.3% as at 31 December 2007, with no shareholder dilution and after factoring in the payment of a EUR 1.00 dividend. This ratio is adapted to BNP Paribas' risk profile.

In the short-term, BNP Paribas will focus on bringing its Tier 1 ratio up further: the capital base will be strengthened by generating earnings and taking part in the French economic stimulus plan. The risk-weighted assets will be reduced in 2009 by EUR 20 billion at constant scope and exchange rates, combining a sharp decline in CIB, a stabilisation in emerging countries and at BancWest as well as continued growth in France and Italy.

The lowering of the floor on 1 January 2009 and the participation in the second stage of the French stimulus plan will push up the Group's Tier ratio to 8.4% on a pro forma basis.

In the medium-term, the Group's goal is to continue to keep its Tier 1 ratio above 7.5%.

The balance sheet structure is solid. With the Group's cautious acquisition strategy, the amount of goodwill is only 11.3 billion euros, primarily related to acquisition prior to mid-2006 in retail banking businesses (8.6 billion euros, of which 3.6 billion euros for BancWest and 1.7 billion euros for BNL) which have limited exposure to risky regions (764 million euros in emerging countries, of which only 119 million euros for UkrSibbank).

In terms of liquidity, the Group will take advantage of its major competitive edge constituted by the level of its CDS spread, which is the lowest of comparable banks. It is taking a very proactive approach in order to take into account the higher cost of liquidity by adapting the product offering as well as terms and conditions. With deposit growth (+19%) outpacing loan growth (+11%), the loan to deposit ratio was brought down from 129% to 119% during 2008. In 2009, the Group's MLT issue programme is EUR 30 billion, of which EUR 9 billion are already completed or under way.

With the effect of these measures, BNP Paribas is well positioned in the still uncertain environment in 2009 to take full advantage of its structural strengths:

- its enhanced attractiveness;
- its diversified business units centered on the retail banking businesses which generate 60% of revenues;
- its regional focus on Western Europe (75% of revenues);
- its good cost control and proactive cost management; and
- the attention paid to risk/return over economic cycles.

4

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The consolidated financial statements of the BNP Paribas Group are presented for the years ended 31 December 2008 and 31 December 2007. In accordance with Article 20.1 of Annex I of European Commission Regulation (EC) 809/2004, the consolidated financial statements for 2006 are provided in the registration document filed with the Autorité des marchés financiers on 13 March 2008 under number D.08-0108.

4.1 Profit and loss account for the year ended 31 December 2008

<i>In millions of euros</i>	Note	Year to 31 Dec. 2008	Year to 31 Dec. 2007
Interest income	2.a	58,839	59,141
Interest expense	2.a	(45,341)	(49,433)
Commission income	2.b	10,713	10,721
Commission expense	2.b	(4,854)	(4,399)
Net gain/loss on financial instruments at fair value through profit or loss	2.c	2,693	7,843
Net gain/loss on available-for-sale financial assets	2.d	464	2,507
Income from other activities	2.e	20,273	22,601
Expense on other activities	2.e	(15,411)	(17,944)
REVENUES		27,376	31,037
Operating expense		(17,324)	(17,773)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	5.k	(1,076)	(991)
GROSS OPERATING INCOME		8,976	12,273
Cost of risk	2.f	(5,752)	(1,725)
OPERATING INCOME		3,224	10,548
Share of earnings of associates		217	358
Net gain on non-current assets		481	153
Change in value of goodwill		2	(1)
PRE-TAX NET INCOME		3,924	11,058
Corporate income tax	2.g	(472)	(2,747)
NET INCOME		3,452	8,311
Net income attributable to minority interests		431	489
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		3,021	7,822
Basic earnings per share	8.a	3.07	8.49
Diluted earnings per share	8.a	3.06	8.42

4.2 Balance sheet at 31 December 2008

<i>In millions of euros</i>	Note	31 December 2008	31 December 2007
ASSETS			
Cash and amounts due from central banks and post office banks		39,219	18,542
Financial assets at fair value through profit or loss	5.a	1,192,271	931,706
Derivatives used for hedging purposes	5.b	4,555	2,154
Available-for-sale financial assets	5.c	130,725	112,594
Loans and receivables due from credit institutions	5.d	69,153	71,116
Loans and receivables due from customers	5.e	494,401	445,103
Remeasurement adjustment on interest-rate risk hedged portfolios		2,541	(264)
Held-to-maturity financial assets	5.g	14,076	14,808
Current and deferred tax assets	5.h	6,055	2,965
Accrued income and other assets	5.i	82,457	60,608
Investments in associates	5.j	2,643	3,333
Investment property	5.k	9,920	6,693
Property, plant and equipment	5.k	14,807	13,165
Intangible assets	5.k	1,810	1,687
Goodwill	5.l	10,918	10,244
TOTAL ASSETS		2,075,551	1,694,454
LIABILITIES			
Due to central banks and post office banks		1,047	1,724
Financial liabilities at fair value through profit or loss	5.a	1,054,802	796,125
Derivatives used for hedging purposes	5.b	6,172	1,261
Due to credit institutions	5.d	186,187	170,182
Due to customers	5.e	413,955	346,704
Debt securities	5.f	157,508	141,056
Remeasurement adjustment on interest-rate risk hedged portfolios		282	20
Current and deferred tax liabilities	5.h	3,971	2,475
Accrued expenses and other liabilities	5.i	83,434	58,815
Technical reserves of insurance companies	5.m	86,514	93,320
Provisions for contingencies and charges	5.n	4,388	4,738
Subordinated debt	5.f	18,323	18,641
TOTAL LIABILITIES		2,016,583	1,635,061
CONSOLIDATED EQUITY			
<i>Share capital and additional paid-in capital</i>		13,828	13,472
<i>Retained earnings</i>		37,909	29,233
<i>Net income for the period attributable to shareholders</i>		3,021	7,822
Total capital, retained earnings and net income for the period attributable to shareholders		54,758	50,527
Unrealised or deferred gains and losses attributable to shareholders		(1,530)	3,272
Shareholders' equity		53,228	53,799
Retained earnings and net income for the period attributable to minority interests		6,179	5,712
Unrealised or deferred gains and losses attributable to minority interests		(439)	(118)
Total minority interests		5,740	5,594
TOTAL CONSOLIDATED EQUITY		58,968	59,393
TOTAL LIABILITIES AND EQUITY		2,075,551	1,694,454

4.3 Statement of changes in shareholders' equity between 1 Jan. 2007 and 31 Dec. 2008

► CAPITAL AND RETAINED EARNINGS

<i>In millions of euros</i>	Shareholders' equity					Total shareholders' equity	Minority interests
	Share capital and additional paid-in capital	Elimination of own equity instruments	Undated Super Subordinated Notes	Retained earnings and net income for the period			
Capital and retained earnings at 31 December 2006	15,589	(1,786)	4,447	26,237	44,487	5,351	
Appropriation of net income for 2006				(2,801)	(2,801)	(164)	
Increase in share capital and issue	281		2,296		2,577		
Reduction in share capital and redemption	(2,428)	2,428			-	(891)	
Movements in own equity instruments		(1,236)		(1)	(1,237)		
Share-based payment plans		(25)		51	26		
Dividends on preferred shares and Undated Super Subordinated Notes				(176)	(176)	(150)	
Interim dividends paid out of net income for the period					-	(42)	
Additional impact of the acquisition of Banca Nazionale del Lavoro				(134)	(134)		
Other transactions carried out with minority interests	18			(21)	(3)	1,112	
Other movements	12			(46)	(34)	7	
Net income for 2007				7,822	7,822	489	
Capital and retained earnings at 31 December 2007	13,472	(619)	6,743	30,931	50,527	5,712	
Appropriation of net income for 2007				(3,016)	(3,016)	(193)	
Increase in share capital and issue	356		3,800		4,156		
Movements in own equity instruments		270	(22)	(37)	211		
Share-based payment plans		48		74	122		
Dividends on preferred shares				(232)	(232)	(185)	
Interim dividends paid out of net income for the period				-	-	(80)	
Other transactions carried out with minority interests				(23)	(23)	496	
Other movements				(8)	(8)	(2)	
Net income for 2008				3,021	3,021	431	
Capital and retained earnings at 31 December 2008	13,828	(301)	10,521	30,710	54,758	6,179	

► UNREALISED OR DEFERRED GAINS AND LOSSES

<i>In millions of euros</i>	Shareholders' equity				Minority interests
	Cumulative translation adjustment	Available-for-sale reserve	Hedging reserve	Total shareholders' equity	
Unrealised or deferred gains and losses at 31 December 2006	(298)	5,431	(108)	5,025	(39)
Changes in fair value of financial instruments through shareholders' equity		252	173	425	16
Changes in fair value of financial instruments through profit or loss		(1,330)	(27)	(1,357)	-
Effect of movements in exchange rates	(924)			(924)	(95)
Share of changes in net assets of equity-accounted joint enterprises	(10)	69		59	
Other movements		44		44	
Unrealised or deferred gains and losses at 31 December 2007	(1,232)	4,466	38	3,272	(118)
Changes in fair value of financial instruments through shareholders' equity		(4,686)	723	(3,963)	(118)
Changes in fair value of financial instruments through profit or loss		(11)	(28)	(39)	-
Effect of movements in exchange rates	(434)			(434)	(203)
Share of changes in net assets of equity-accounted joint enterprises	(14)	(337)	(15)	(366)	
Unrealised or deferred gains and losses at 31 December 2008	(1,680)	(568)	718	(1,530)	(439)

4.4 Statement of cash flows for the year ended 31 December 2008

<i>In millions of euros</i>	Note	Year to 31 Dec. 2008	Year to 31 Dec. 2007
Pre-tax net income		3,924	11,058
Non-monetary items included in pre-tax net income and other adjustments		18,849	4,478
Net depreciation/amortisation expense on property, plant and equipment and intangible assets		3,074	2,685
Impairment of goodwill and other non-current assets		12	1
Net addition to provisions		8,225	8,385
Share of earnings of associates		(217)	(358)
Net income from investing activities		(436)	(141)
Net income from financing activities		(114)	(750)
Other movements		8,305	(5,344)
Net increase (decrease) in cash related to assets and liabilities generated by operating activities		7,301	(2,459)
Net increase in cash related to transactions with credit institutions		8,204	32,022
Net increase in cash related to transactions with customers		34,362	19,670
Net decrease in cash related to transactions involving other financial assets and liabilities		(30,127)	(49,782)
Net decrease in cash related to transactions involving non-financial assets and liabilities		(3,452)	(2,475)
Taxes paid		(1,686)	(1,894)
NET INCREASE IN CASH AND EQUIVALENTS GENERATED BY OPERATING ACTIVITIES		30,074	13,077
Net increase (decrease) in cash related to acquisitions and disposals of consolidated entities	8.c	2,760	(1,210)
Net decrease related to property, plant and equipment and intangible assets		(1,413)	(1,383)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS RELATED TO INVESTING ACTIVITIES		1,347	(2,593)
Decrease in cash and equivalents related to transactions with shareholders		(3,046)	(2,938)
Increases in cash and equivalents generated by other financing activities		(9,709)	1,066
NET DECREASE IN CASH AND EQUIVALENTS RELATED TO FINANCING ACTIVITIES		(12,755)	(1,872)
EFFECT OF MOVEMENT IN EXCHANGE RATES ON CASH AND EQUIVALENTS		257	(648)
NET INCREASE IN CASH AND EQUIVALENTS		18,923	7,964
Balance of cash and equivalent accounts at the start of the period		24,038	16,074
Cash and amounts due from central banks and post office banks		18,542	9,642
Due to central banks and post office banks		(1,724)	(939)
Demand deposits with credit institutions	5.d	15,497	15,230
Demand loans from credit institutions	5.d	(8,165)	(7,892)
Deduction of receivables and accrued interest on cash and equivalents		(112)	33
Balance of cash and equivalent accounts at the end of the period		42,961	24,038
Cash and amounts due from central banks and post office banks		39,219	18,542
Due to central banks and post office banks		(1,047)	(1,724)
Demand deposits with credit institutions	5.d	13,514	15,497
Demand loans from credit institutions	5.d	(8,673)	(8,165)
Deduction of receivables and accrued interest on cash and equivalents		(52)	(112)
NET INCREASE IN CASH AND EQUIVALENTS		18,923	7,964

4.5 Notes to the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED BY THE GROUP

1.a APPLICABLE ACCOUNTING STANDARDS

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

In the fourth quarter of 2008 the Group applied the amendments to IAS 39 and IFRS 7 adopted by the European Union on 15 October 2008 concerning the reclassification of financial assets. The effect of this change is discussed in Note 5.a., "Financial assets, financial liabilities, and derivatives at fair value through profit or loss."

The Group did not choose to early-adopt the new standards, amendments, and interpretations adopted by the European Union and whose application in 2008 was optional, including in particular IFRS 8, "Operating Segments." The impact of IFRS 8 on the segment information reported in the notes to the financial statements is not expected to be significant.

1.b CONSOLIDATION

1.b.1 Scope of consolidation

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

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

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

the Group exercises control as assessed by reference to the following criteria:

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

1.b.2 Consolidation methods

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

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

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

Enterprises over which the Group exercises significant influence (associates) are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decision-making of an enterprise without exercising control. Significant influence is presumed to exist when the Group holds, directly or indirectly, 20% or

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

more of the voting power of an enterprise. Interests of less than 20% are excluded from consolidation unless they represent a strategic investment and the Group effectively exercises significant influence. This applies to companies developed in partnership with other groups, where the BNP Paribas Group participates in the strategic decision-making of the enterprise through representation on the Board of Directors or equivalent governing body, exercises influence over the enterprise's operational management by supplying management systems or decision-making tools, and provides technical assistance to support the enterprise's development.

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

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

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

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

1.b.3 Consolidation procedures

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

Elimination of intragroup balances and transactions

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

Translation of financial statements expressed in foreign currencies

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

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

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

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

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

1.b.4 Business combinations and measurement of goodwill

Business combinations

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

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

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

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

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

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

Cash-generating units

The BNP Paribas Group has split all its activities into cash-generating units⁽¹⁾, representing major business lines. This split is consistent with the Group's organisational structure and management methods, and reflects the independence of each unit in terms of results and management approach. It is reviewed on a regular basis in order to take account of events likely to affect the composition of cash-generating units, such as acquisitions, disposals and major reorganisations.

⁽¹⁾ As defined by IAS 36.

Testing cash-generating units for impairment

Goodwill allocated to cash-generating units is tested for impairment annually and whenever there is an indication that a unit may be impaired, by comparing the carrying amount of the unit with its recoverable amount. If the recoverable amount is less than the carrying amount, an irreversible impairment loss is recognised, and the goodwill is written down by the excess of the carrying amount of the unit over its recoverable amount.

Recoverable amount of a cash-generating unit

The recoverable amount of a cash-generating unit is the higher of the fair value of the unit and its value in use.

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

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

1.c FINANCIAL ASSETS AND FINANCIAL LIABILITIES

1.c.1 Loans and receivables

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

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

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

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

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

1.c.2 Regulated savings and loan contracts

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

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

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

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

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

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

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

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

1.c.3 Securities

Categories of securities

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise:

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

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

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

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

Loans and receivables

Securities with fixed or determinable payments that are not traded on an active market, apart from securities for which the owner may not recover almost all of its initial investment due to reasons other than credit deterioration, are classified as "Loans and receivables" if they do not meet the criteria to be classified as "Financial assets at fair value through profit or loss." These securities are measured and recognised as described in section 1.c.1.

Held-to-maturity financial assets

Held-to-maturity financial assets are investments with fixed or determinable payments and fixed maturity that the Group has the intention and ability to hold until maturity. Hedges contracted to cover assets in this category against interest rate risk do not qualify for hedge accounting as defined in IAS 39.

Assets in this category are accounted for at amortised cost using the effective interest method, which builds in amortisation of premium and discount (corresponding to the difference between the purchase price and redemption value of the asset) and incidental acquisition costs (where material). Income earned from this category of assets is included in "Interest income" in the profit and loss account.

Available-for-sale financial assets

Available-for-sale financial assets are fixed-income and variable-income securities other than those classified as "fair value through profit or loss" or "held-to-maturity".

Assets included in the available-for-sale category are initially recorded at fair value plus transaction costs where material. At the balance sheet date, they are remeasured to fair value, with changes in fair value (excluding accrued interest) shown on a separate line in shareholders' equity, "Unrealised or deferred gains or losses". On disposal, these unrealised gains and losses are transferred from shareholders' equity to the profit and loss account, where they are shown on the line "Net gain/loss on available-for-sale financial assets".

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

Repurchase agreements and securities lending/borrowing

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

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

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

Date of recognition for securities transactions

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

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

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

1.c.4 Foreign currency transactions

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

Monetary assets and liabilities⁽¹⁾ expressed in foreign currencies

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

⁽¹⁾ Monetary assets and liabilities are assets and liabilities to be received or paid in fixed or determinable amounts of cash.

Non-monetary assets and liabilities expressed in foreign currencies

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

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

1.c.5 Impairment of financial assets

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

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

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

- the existence of accounts more than three months past due (six months past due for real estate loans and loans to local authorities);
- knowledge or indications that the borrower is in significant financial difficulty, such that a risk can be considered to have arisen regardless of whether the borrower has missed any payments;
- concessions in respect of the credit terms granted to the borrower that the lender would not have considered had the borrower not been in financial difficulty.

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

Impairment losses taken against loans and receivables are usually recorded in a separate provision account which reduces the amount

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

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

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

Impairment of available-for-sale financial assets

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

In the case of variable-income securities quoted in an active market, a significant (>20%) or prolonged decline in quoted price below the acquisition cost is regarded as an indication of impairment and prompts the Group to carry out a qualitative analysis. Where appropriate, the impairment loss is calculated based on the quoted price for the securities. The same applies if the value of a security falls by more than 30% over a 12-month period.

A similar quantitative and qualitative method is applied for unlisted variable-income securities.

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

Impairment losses taken against variable-income securities are recognised as a component of Revenues on the line "Net gain/loss on available-for-sale financial assets", and may not be reversed through the profit and loss account until the securities in question are sold. Any subsequent decline in fair value constitutes an additional impairment loss, recognised in the profit and loss account.

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

1.c.6 Reclassification of financial assets

The only authorised reclassifications of financial assets are the following:

- for a non-derivative financial asset that is held for the purposes of selling it in the near-term, out of "Financial assets at fair value through profit or loss" and into:
 - "Loans and receivables" if the asset meets the definition for this category and the Group has the intention and ability to hold the asset for the foreseeable future or until maturity, or
 - other categories only under rare circumstances where justified and provided that the reclassified assets meet the conditions applicable to the host portfolio;
- out of "Available-for-sale financial assets" and into:
 - "Loans and receivables" on the same conditions as set out above for "Financial assets at fair value through profit or loss",
 - "Held-to-maturity financial assets," for assets that have a maturity, or "Financial assets at cost," for unlisted variable-income assets.

Financial assets are reclassified at fair value, or the value calculated by a model, on the reclassification date. Any derivatives embedded in the reclassified financial assets are recognised separately and changes in fair value are recognised through profit or loss.

After reclassification, assets are recognised according to the provisions applicable to the host portfolio. The transfer price on the reclassification date is deemed to be the initial cost of the asset for the purpose of determining any impairment.

In the event of reclassification from "available-for-sale financial assets" to another category, gains or losses previously recognised through equity are amortised to profit or loss over the residual life of the instrument using the effective interest rate method.

Any upward revisions to the estimated recoverable amounts are recognised through an adjustment to the effective interest rate as of the date on which the estimate is revised. Downward revisions are recognised through an adjustment to the financial asset's carrying amount.

1.c.7 Issues of debt securities

Financial instruments issued by the Group are qualified as debt instruments if the Group company issuing the instruments has a contractual obligation to deliver cash or another financial asset to the holder of the instrument. The same applies if the Group may be obliged to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group, or to deliver a variable number of the Group's own equity instruments.

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

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

1.c.8 Own equity instruments and own equity instrument derivatives

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

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

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

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

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

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

1.c.9 Derivative instruments and hedge accounting

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

Derivatives held for trading purposes

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

Derivatives and hedge accounting

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

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

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

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

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

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

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

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

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

If a hedging relationship ceases or no longer fulfils the effectiveness criteria, the hedging instrument is transferred to the trading book and accounted for using the treatment applied to this asset category. In the case of identified fixed-income instruments, the remeasurement adjustment recognised in the balance sheet is amortised at the effective interest rate over the remaining life of the instrument. In the case of interest rate risk hedged fixed-income portfolios, the adjustment is

amortised on a straight-line basis over the remainder of the original term of the hedge. If the hedged item no longer appears in the balance sheet, in particular due to prepayments, the adjustment is taken to the profit and loss account immediately.

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

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

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

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

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

Embedded derivatives

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

1.c.10 Determination of fair value

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

Method of determining fair value

Fair value is determined:

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

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

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

The Bank distinguishes between three categories of financial instruments based on the characteristics of the instrument and the measurement method used. This classification is used as the basis for the information provided in the notes to the consolidated financial statements in accordance with international accounting standards:

- category 1: financial instruments quoted on an active market;
- category 2: financial instruments measured using valuation models based on observable parameters;
- category 3: financial instruments measured using valuation models based wholly or partly on non-observable parameters. A non-observable parameter is defined as a parameter whose value results from assumptions or correlations which are not based on observable current market transactions in the same instrument at the valuation date, or on observable market data at that date.

Instruments traded in active markets

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

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

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

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

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

Instruments traded in inactive markets

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

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

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

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

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

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

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

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

Unlisted equity securities

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

1.c.11 Financial assets and liabilities designated at fair value through profit or loss (fair value option)

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

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

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

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

1.c.12 Income and expenses arising from financial assets and financial liabilities

Income and expenses arising from financial instruments measured at amortised cost and from fixed-income securities classified in "Available-for-sale financial assets" are recognised in the profit and loss account using the effective interest method.

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

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

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

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

1.c.13 Cost of risk

Cost of risk includes movements in provisions for impairment of fixed-income securities and loans and receivables due from customers and credit institutions, movements in financing and guarantee commitments given, losses on irrecoverable loans and amounts recovered on loans written off. This caption also includes impairment losses recorded in

respect of default risk incurred on counterparties for over-the-counter financial instruments, as well as expenses relating to fraud and to disputes inherent to the financing business.

1.c.14 Derecognition of financial assets and financial liabilities

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

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

1.c.15 Netting of financial assets and financial liabilities

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

1.d ACCOUNTING STANDARDS SPECIFIC TO INSURANCE BUSINESS

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

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

1.d.1 Assets

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

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

1.d.2 Liabilities

The Group's obligations to policyholders and beneficiaries are shown in "Technical reserves of insurance companies" and comprise liabilities relating to insurance contracts carrying a significant insurance risk (e.g., mortality or disability) and to financial contracts with a discretionary

participation feature, which are covered by IFRS 4. A discretionary participation feature is one which gives life policyholders the right to receive, as a supplement to guaranteed benefits, a share of actual profits.

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

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

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

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

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

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

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

In the event of an unrealised loss on shadow accounted assets, a policyholders' loss reserve is recognised on the assets side of the consolidated balance sheet in an amount equal to the probable deduction from the policyholders' future profit share. The recoverability of the policyholders' loss reserve is assessed prospectively, taking account of policyholders' surplus reserves recognised elsewhere, capital gains on financial assets that are not shadow accounted due to accounting elections made (held-to-maturity financial assets and property investments measured at cost) and the company's ability and intention to hold the assets carrying the unrealised loss. The policyholders' loss reserve is recognised symmetrically with the corresponding assets and shown on the assets side of the balance sheet under the line item "Accrued income and other assets".

1.d.3 Profit and loss account

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

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

1.e PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.f LEASES

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

1.f.1 Lessor accounting

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

Finance leases

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

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

rate of return on the net investment outstanding in the lease. The rate of interest used is the rate implicit in the lease.

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

Operating leases

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

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

1.f.2 Lessee accounting

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

Finance leases

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

Operating leases

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

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

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

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

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

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

All gains and losses related to discontinued operations are shown separately in the profit and loss account, on the line "Post-tax gain/loss on discontinued operations and assets held for sale". This line includes the post-tax profits or losses of discontinued operations, the post-tax gain or loss arising from remeasurement at fair value less costs to sell, and the post-tax gain or loss on disposal of the operation.

1.h EMPLOYEE BENEFITS

Employee benefits are classified in one of four categories:

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

1.h.1 Short-term benefits

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

1.h.2 Long-term benefits

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

The actuarial techniques used are similar to those used for defined-benefit post-employment benefits, except that actuarial gains and losses are recognised immediately and no "corridor" is applied. The effect of any plan amendments regarded as relating to past service is also recognised immediately.

1.h.3 Termination benefits

Termination benefits are employee benefits payable as a result of a decision by the Group to terminate a contract of employment before the legal retirement age or a decision by an employee to accept voluntary redundancy in exchange for a benefit. Termination benefits falling due more than 12 months after the balance sheet date are discounted.

1.h.4 Post-employment benefits

In accordance with IFRS, the BNP Paribas Group draws a distinction between defined-contribution plans and defined-benefit plans.

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

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

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

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

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

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

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

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

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

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

1.i SHARE-BASED PAYMENT

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

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

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

1.i.1 Stock option plans

The expense related to stock option plans is recognised at the date of grant if the grantee immediately acquires rights to the shares, or over the vesting period if the benefit is conditional upon the grantee's continued employment.

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

In the absence of any market for these instruments, mathematical valuation models are used. The total expense of a plan is determined by multiplying the unit value per option by the estimated number of options that will vest at the end of the vesting period, taking account of conditions regarding the grantee's continued employment.

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

Similar accounting treatment is applied to deferred share-based compensation plans.

1.i.2 Share subscriptions or purchases offered to employees under the company savings plan

Share subscriptions or purchases offered to employees under the company savings plan (Plan d'Épargne Entreprise) at lower-than-market rates over a specified period do not include a vesting period. However, employees are prohibited by law from selling shares acquired under this plan for a period of five years. This restriction is taken into account in measuring the benefit to the employees, which is reduced accordingly. The benefit therefore equals the difference, at the date the plan is announced to employees, between the fair value of the share (after allowing for the restriction on sale) and the acquisition price paid by the employee, multiplied by the number of shares acquired.

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

1.j PROVISIONS RECORDED UNDER LIABILITIES

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

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

1.k CURRENT AND DEFERRED TAXES

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

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

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

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

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

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

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

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

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

1.1 STATEMENT OF CASH FLOWS

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

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

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

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

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

Preparation of the financial statements requires managers of core businesses and corporate functions to make assumptions and estimates that are reflected in the measurement of income and expense in the profit and loss account and of assets and liabilities in the balance sheet, and in the disclosure of information in the notes to the financial statements. This requires the managers in question to exercise their judgement and to make use of information available at the date of preparation of the financial statements when making their estimates. The actual future results from operations in respect of which managers have made use of estimates may in reality differ significantly from those estimates, mainly according to market conditions. This may have a material effect on the financial statements.

This applies in particular to:

- impairment losses recognised to cover credit risks inherent in banking intermediation activities;
- the use of internally-developed models to measure positions in financial instruments that are not quoted in organised markets;
- calculations of the fair value of unquoted financial instruments classified in "Available-for-sale financial assets", "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss", and more generally calculations of the fair value of financial instruments subject to a fair value disclosure requirement;
- whether a market is active or inactive for the purposes of using a valuation technique;
- impairment losses on variable-income financial assets classified as "available-for-sale";
- impairment tests performed on intangible assets;
- the appropriateness of the designation of certain derivative instruments as cash flow hedges, and the measurement of hedge effectiveness;
- estimates of the residual value of assets leased under finance leases or operating leases, and more generally of assets on which depreciation is charged net of their estimated residual value;
- the measurement of provisions for contingencies and charges.

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

Note 2 NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

2.a NET INTEREST INCOME

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

interest) is recognised in "Net gain/loss on financial instruments at fair value through profit or loss".

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

In millions of euros	Year to 31 Dec. 2008			Year to 31 Dec. 2007		
	Income	Expense	Net	Income	Expense	Net
Customer items	28,381	(11,149)	17,232	26,269	(11,970)	14,299
Deposits, loans and borrowings	26,695	(10,668)	16,027	24,732	(11,731)	13,001
Repurchase agreements	19	(349)	(330)	29	(157)	(128)
Finance leases	1,667	(132)	1,535	1,508	(82)	1,426
Interbank items	4,685	(7,848)	(3,163)	5,283	(8,137)	(2,854)
Deposits, loans and borrowings	4,371	(6,834)	(2,463)	4,943	(7,363)	(2,420)
Repurchase agreements	314	(1,014)	(700)	340	(774)	(434)
Debt securities issued	-	(7,935)	(7,935)	-	(7,091)	(7,091)
Cash flow hedge instruments	1,669	(1,627)	42	1,628	(899)	729
Interest rate portfolio hedge instruments	1,223	(1,300)	(77)	1,028	(685)	343
Trading book	17,189	(15,482)	1,707	20,319	(20,651)	(332)
Fixed-income securities	4,631	-	4,631	4,285	-	4,285
Repurchase agreements	12,503	(13,451)	(948)	15,944	(17,564)	(1,620)
Loans/Borrowings	55	(161)	(106)	90	(194)	(104)
Debt securities		(1,870)	(1,870)		(2,893)	(2,893)
Available-for-sale financial assets	4,954	-	4,954	3,872	-	3,872
Held-to-maturity financial assets	738	-	738	742	-	742
TOTAL INTEREST INCOME/(EXPENSE)	58,839	(45,341)	13,498	59,141	(49,433)	9,708

Interest income on individually impaired loans amounted to EUR 334 million at 31 December 2008 and EUR 316 million at 31 December 2007.

The net gain relating to cash flow hedges previously recorded under "Unrealised or deferred gains or losses" and taken to the profit and loss account in 2008 amounted to EUR 28 million, compared with EUR 27 million in 2007.

2.b COMMISSION INCOME AND EXPENSE

Commission income on financial assets and commission expense on financial liabilities which are not measured at fair value through profit or loss amounted to EUR 2,788 million and EUR 378 million respectively in 2008, compared with income of EUR 2,553 million and expense of EUR 312 million in 2007.

Net commission income related to trust and similar activities through which the Group holds or invests assets on behalf of clients, trusts, pension and personal risk funds or other institutions amounted to EUR 1,777 million in 2008, compared with EUR 2,125 million in 2007.

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

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

In millions of euros	Year to 31 Dec. 2008			Year to 31 Dec. 2007		
	Trading book	Assets designated at fair value through profit or loss	Total	Trading book	Assets designated at fair value through profit or loss	Total
Fixed-income securities	(5,808)	12,438	6,630	(1,968)	758	(1,210)
Variable-income securities	(30,538)	1,040	(29,498)	7,737	643	8,380
Derivative instruments	22,740		22,740	51		51
Repurchase agreements	490	148	638	70	19	89
Loans	395	730	1,125	(118)	(120)	(238)
Borrowings	(48)	(685)	(733)	(36)	(12)	(48)
Remeasurement of interest-rate risk hedged portfolios	2,559		2,559	399		399
Remeasurement of currency positions	(768)		(768)	420		420
TOTAL	(10,978)	13,671	2,693	6,555	1,288	7,843

Net loss for the year on hedging instruments in fair value hedges and included under derivative instruments amounted to EUR 3,670 million (net loss of EUR 314 million in 2007), while the net gain on the hedged components amounted to EUR 3,652 million (net gain of EUR 275 million in 2007).

Net gains on the trading book in 2008 and 2007 include an immaterial amount related to the ineffective portion of cash flow hedges.

Fixed-income securities at fair value through profit or loss (fair value option) are mainly made up of certificates issued to customers by BNP Paribas Arbitrage Issuance BV. These instruments pay an amount

indexed to equity market indexes, with the inherent risks hedged by variable-income securities managed in BNP Paribas Arbitrage's trading book. Following the downturn in equity prices in 2008, the net gain/loss on remeasurement at fair value of the debt represented by these certificates of deposit, amounting to EUR 9,151 million, is offset by the net gain/loss recorded on variable-income securities in the trading book.

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

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

In millions of euros	Year to 31 Dec. 2008	Year to 31 Dec. 2007
Fixed-income securities ⁽¹⁾	(17)	31
Disposal gains and losses	(17)	31
Equities and other variable-income securities	481	2,476
Dividend income	637	634
Additions to impairment provisions	(1,634)	(55)
Net disposal gains	1,478	1,897
TOTAL	464	2,507

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

Unrealised gains and losses (previously recorded under "Unrealised or deferred gains and losses" in shareholders' equity) taken to pre-tax income amounted to EUR 163 million for the year ended 31 December 2008 and EUR 1,886 million for the year ended 31 December 2007.

2.e NET INCOME FROM OTHER ACTIVITIES

In millions of euros	Year to 31 Dec. 2008			Year to 31 Dec. 2007		
	Income	Expense	Net	Income	Expense	Net
Net income from insurance activities	14,004	(10,874)	3,130	16,967	(14,091)	2,876
Net income from investment property	1,048	(430)	618	790	(219)	571
Net income from assets held under operating leases	4,284	(3,635)	649	3,949	(3,237)	712
Net income from property development activities	206	(50)	156	189	(36)	153
Other	731	(422)	309	706	(361)	345
TOTAL NET INCOME FROM OTHER ACTIVITIES	20,273	(15,411)	4,862	22,601	(17,944)	4,657

► NET INCOME FROM INSURANCE ACTIVITIES

In millions of euros	Year to 31 Dec. 2008	Year to 31 Dec. 2007
Gross premiums written	13,473	14,914
Movement in technical reserves	5,284	(6,247)
Claims and benefits expense	(7,593)	(6,689)
Reinsurance ceded, net	(245)	(43)
Change in value of admissible investments related to unit-linked business	(7,996)	916
Other income and expense	207	25
TOTAL NET INCOME FROM INSURANCE ACTIVITIES	3,130	2,876

"Claims and benefits expense" includes expenses arising from surrenders, maturities and claims relating to insurance contracts. "Movement in technical reserves" reflects changes in the value of financial contracts,

in particular unit-linked contracts. Interest paid on such contracts is recognised in "Interest expense".

► OPERATING LEASES

In millions of euros	31 December 2008	31 December 2007
Future minimum lease payments receivable under non-cancellable leases	4,352	4,011
Payments receivable within 1 year	1,922	1,747
Payments receivable after 1 year but within 5 years	2,394	2,230
Payments receivable beyond 5 years	36	34

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

2.f COST OF RISK

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

► COST OF RISK FOR THE PERIOD

Cost of risk for the period (in millions of euros)	Year to 31 Dec. 2008	Year to 31 Dec. 2007
Net additions to impairment provisions	(5,786)	(1,762)
Recoveries on loans and receivables previously written off	348	329
Irrecoverable loans and receivables not covered by impairment provisions	(314)	(292)
TOTAL COST OF RISK FOR THE PERIOD	(5,752)	(1,725)

Cost of risk for the period by asset type (in millions of euros)	Year to 31 Dec. 2008	Year to 31 Dec. 2007
Loans and receivables due from credit institutions	(30)	5
Loans and receivables due from customers	(3,783)	(1,472)
Available-for-sale financial assets	(198)	(130)
Financial instruments on trading activities	(1,779)	(44)
Other assets	1	(13)
Off-balance sheet commitments and other items	37	(71)
TOTAL COST OF RISK FOR THE PERIOD	(5,752)	(1,725)

► PROVISIONS FOR IMPAIRMENT: CREDIT RISKS

Movement in impairment provisions during the period (in millions of euros)	Year to 31 Dec. 2008	Year to 31 Dec. 2007
TOTAL IMPAIRMENT PROVISIONS AT START OF PERIOD	13,508	14,455
Net additions to impairment provisions	5,786	1,762
Utilisation of impairment provisions	(1,792)	(2,409)
Effect of exchange rate movements and other items	(286)	(300)
TOTAL IMPAIRMENT PROVISIONS AT END OF PERIOD	17,216	13,508

The main changes in impairment provisions in 2008 and 2007 are related to loans and receivables due from customers.

Impairment provisions by asset type (in millions of euros)	31 December 2008	31 December 2007
Impairment of assets		
Loans and receivables due from credit institutions (Note 5.d.)	83	54
Loans and receivables due from customers (Note 5.e.)	14,298	12,499
Financial instruments on trading activities	1,708	44
Available-for-sale financial assets (Note 5.c.)	422	231
Other assets	14	22
TOTAL IMPAIRMENT PROVISIONS AGAINST FINANCIAL ASSETS	16,525	12,850
Provisions recognised as liabilities		
Provisions for off-balance sheet commitments		
to credit institutions	1	-
to customers	224	202
Other items subject to provisions	466	456
TOTAL PROVISIONS RECOGNISED AS LIABILITIES	691	658
TOTAL IMPAIRMENT PROVISIONS	17,216	13,508

2.g CORPORATE INCOME TAX

	Year to 31 Dec. 2008		Year to 31 Dec. 2007	
	<i>in millions of euros</i>	<i>in percentage</i>	<i>in millions of euros</i>	<i>in percentage</i>
Corporate income at standard tax rate expense in France	(1,308)	33.3%	(3,686)	33.3%
Differential effect in tax rates applicable to foreign entities	547	-13.9%	542	-4.9%
Effect of items taxed at reduced rate in France	286	-7.3%	266	-2.4%
Permanent differences effect	9	-0.2%	-	0.0%
Other items	(6)	-0.1%	131	-1.2%
Corporate income tax expense	(472)	12.0%	(2,747)	24.8%
<i>Of which</i>				
Tax expense of the period	(1,736)		(2,390)	
<i>Net profit (loss) of deferred taxes of the period (note 5.h.)</i>	1,264		(357)	

The tax saving arising from the recognition of deferred taxes on unused carryforwards of tax losses and on previous temporary differences was EUR 6 million for the year ended 31 December 2008, compared with EUR 137 million for the year ended 31 December 2007.

Note 3 SEGMENT INFORMATION

The Group is composed of five core businesses:

- French Retail Banking (FRB);
- Italian Retail Banking (BNL banca commerciale);
- International Retail Services (IRS), which covers financial services and is split into two sub-divisions: Personal Finance providing credit solutions to private individuals and Equipment Solutions providing credit and other services to corporates. It also includes retail banking activities in the United States (BancWest) and in emerging markets;
- Asset Management and Services (AMS), which includes Private Banking; Investment Partners – covering all of the Group's Asset Management businesses; Personal Investors – providing private individuals with independent financial advice and investment services; Securities Services to management companies, financial institutions and other corporations; and Insurance and Real Estate Services;
- Corporate and Investment Banking (CIB), which includes Advisory & Capital Markets (Equities and Equity Derivatives, Fixed Income & Forex, Corporate Finance) and Financing (Specialised and Structured Financing) businesses.

Other activities mainly comprise the Private Equity business of BNP Paribas Capital, the Klépierre property investment company, and the Group's corporate functions.

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

Segment assets and liabilities include all items shown in the consolidated balance sheet. Segment assets are determined by extracting accounting data allocated for each segment. Segment liabilities are determined on the basis of normalised equity by core business used for capital allocation purposes.

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

3.a INFORMATION BY BUSINESS SEGMENT

► INCOME BY BUSINESS SEGMENT ⁽¹⁾

In millions of euros	Year to 31 Dec. 2008					
	Revenues	Operating expense	Cost of risk	Operating income	Other non-operating items	Pre-tax net income
French Retail Banking ⁽²⁾	5,717	(3,868)	(203)	1,646	1	1,647
BNL banca commerciale ⁽²⁾	2,775	(1,737)	(411)	627	1	628
International Retail Services						
Personal Finance	3,792	(2,101)	(1,218)	473	193	666
Other activities IRS	4,990	(2,932)	(1,160)	898	149	1,047
Asset Management and Services	4,935	(3,423)	(207)	1,305	5	1,310
Corporate and Investment Banking						
Advisory & Capital Markets	2,066	(2,607)	(2,122)	(2,663)	26	(2,637)
Financing	2,907	(1,104)	(355)	1,448		1,448
Other Activities ⁽³⁾	194	(628)	(76)	(510)	325	(185)
TOTAL GROUPE	27,376	(18,400)	(5,752)	3,224	700	3,924

In millions of euros	Year to 31 Dec. 2007					
	Revenues	Operating expense	Cost of risk	Operating income	Other non-operating items	Pre-tax net income
French Retail Banking ⁽²⁾	5,640	(3,834)	(158)	1,648	-	1,648
BNL banca commerciale ⁽²⁾	2,616	(1,725)	(318)	573	(1)	572
International Retail Services						
Personal Finance	3,411	(1,949)	(730)	732	76	808
Other activities IRS	4,532	(2,676)	(498)	1,358	101	1,459
Asset Management and Services	5,264	(3,369)	(7)	1,888	27	1,915
Corporate and Investment Banking						
Advisory & Capital Markets	5,567	(3,588)	(65)	1,914	46	1,960
Financing	2,604	(1,197)	37	1,444	51	1,495
Other Activities ⁽³⁾	1,403	(426)	14	991	210	1,201
TOTAL GROUPE	31,037	(18,764)	(1,725)	10,548	510	11,058

⁽¹⁾ The BNP Paribas Group has adapted its capital allocation procedures further to the adoption of the Basel II capital adequacy ratio as of 1 January 2008. This measure modifies normative equity and hence pre-tax earnings for each segment. In order to provide a meaningful comparison between reporting periods 2007 and 2008, the figures for 2007 have been restated.

⁽²⁾ French Retail Banking and BNL banca commerciale after the reallocation within AMS of one-third of Private Banking activities in France and Italy.

⁽³⁾ Including Klépierre and the entities ordinarily known as BNP Paribas Capital.

► ASSETS AND LIABILITIES BY BUSINESS SEGMENT ⁽¹⁾

In millions of euros	31 December 2008			
	Assets	of which goodwill on acquisitions during the period	of which investments in associates	Liabilities
French Retail Banking ⁽²⁾	147,785	-	6	143,769
BNL banca commerciale ⁽²⁾	76,454	-	14	71,099
International Retail Services	201,766	406	697	185,514
Asset Management and Services	178,483	38	415	171,911
Corporate and Investment Banking	1,422,387	168	7	1,410,971
Other Activities ⁽³⁾	48,676	-	1,504	44,422
TOTAL GROUPE	2,075,551	612	2,643	2,027,686

In millions of euros	31 December 2007			
	Assets	of which goodwill on acquisitions during the period	of which investments in associates	Liabilities
French Retail Banking ⁽²⁾	135,771	46	6	129,645
BNL banca commerciale ⁽²⁾	72,271	96	13	67,493
International Retail Services	179,197	25	1,123	164,305
Asset Management and Services	199,261	294	403	191,666
Corporate and Investment Banking	1,070,848	22	7	1,057,618
Other Activities ⁽³⁾	37,106	-	1,781	31,138
TOTAL GROUPE	1,694,454	483	3,333	1,641,865

⁽¹⁾ The BNP Paribas Group has adapted its capital allocation procedures further to the adoption of the Basel II capital adequacy ratio as of 1 January 2008. This measure modifies normative equity and hence pre-tax earnings for each segment. In order to provide a meaningful comparison between reporting periods 2007 and 2008, the figures for 2007 have been restated.

⁽²⁾ French Retail Banking and BNL banca commerciale after the reallocation within AMS of one-third of Private Banking activities in France and Italy.

⁽³⁾ Including Klépierre and the entities ordinarily known as BNP Paribas Capital.

3.b INFORMATION BY GEOGRAPHIC AREA

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

► REVENUES BY GEOGRAPHIC AREA

<i>In millions of euros</i>	Year to 31 Dec. 2008	Year to 31 Dec. 2007
France	12,283	14,446
Other European Countries	8,461	9,737
Americas	4,031	4,197
Asia - Oceania	1,255	1,707
Other countries	1,346	950
TOTAL	27,376	31,037

► ASSETS AND LIABILITIES BY GEOGRAPHIC AREA

<i>In millions of euros</i>	31 December 2008		31 December 2007	
	Total segment assets	Goodwill on acquisitions during the period	Total segment assets	Goodwill on acquisitions during the period
France	1,224,663	9	969,771	75
Other European Countries	435,592	54	370,598	381
Americas	256,833	465	217,777	-
Asia - Oceania	127,933	84	113,306	18
Other countries	30,530	-	23,002	9
TOTAL	2,075,551	612	1,694,454	483

Note 4 RISK MANAGEMENT AND CAPITAL ADEQUACY

2008 was marked by the implementation of Pillar 3 of the Basel framework, which introduced new requirements concerning risk transparency. BNP Paribas has decided to combine the information about the Group required under IFRS 7 and Pillar 3 of Basel II, in order to ensure maximum consistency and clarity.

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

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

4.a RISK MANAGEMENT ORGANISATION

Risk management is key in the business of banking. At BNP Paribas, operating methods and procedures throughout the organisation are geared towards effectively addressing this matter. The entire process is supervised primarily by the Group Risk Management Department (GRM), which is responsible for measuring and controlling risks at Group level. GRM is independent from the divisions, business lines and territories and reports directly to Group Executive Management. The Group Compliance

department (GC) monitors operational and reputation risk as part of its responsibility for permanent controls.

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

GRM covers risks resulting from the Group's business operations. It intervenes at all levels in the risk taking and monitoring process. Its remit includes formulating recommendations concerning risk policies, analysing the loan portfolio on a forward-looking basis, approving corporate loans and trading limits, guaranteeing the quality and effectiveness of monitoring procedures, defining and/or validating risk measurement methods, and producing comprehensive and reliable risk reporting data for Group management. GRM is also responsible for

ensuring that all the risk implications of new businesses or products have been adequately evaluated. These evaluations are performed jointly by the sponsoring business line and all the functions concerned (Group Tax Department, Group Legal Department, Finance and Development, Group Compliance and Information Technology and Processes). The quality of the validation process is overseen by GRM which reviews identified risks and the resources deployed to mitigate them, as well as defining the minimum criteria to be met to ensure that growth is based on sound business practices. GC has identical responsibilities as regards operational and reputation risk. It plays an important oversight and reporting role in the process of validating new products or business activities and exceptional transactions.

4.b RISK CATEGORIES

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

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

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

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

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

Credit and counterparty risk

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

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

Credit risk arises in relation to lending operations as well as market, investment and/or payment transactions that potentially expose the Bank to the risk of default by the counterparty. Counterparty risk is the risk that the other party in a derivative transaction will default. The amount of this risk may vary over time in line with market parameters that impact the value of the underlying market instrument.

Market Risk

Market risk is the risk of incurring an economic loss of value due to adverse trends in market factors, whether directly tradeable or not.

Tradeable market factors include, but are not limited to, exchange rates, interest rates, prices of securities and commodities, prices of derivatives, prices of other goods, and other factors that can be directly inferred from them, such as credit spreads, volatilities and implied correlations.

Non-tradeable factors are those based on working assumptions such as parameters contained in models or based on statistical analysis, such as correlations.

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

Operational Risk

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

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

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

Compliance and reputation risk

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

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

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

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

Additional information about risk definitions

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

Market risk and credit/counterparty risk

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

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

Operational risk, credit risk and market risk

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

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

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

Asset-liability management risk

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

Refinancing (liquidity) risk

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

Insurance subscription risk

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

arising in the life insurance business, where asset-liability management risk is predominant.

Breakeven risk

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

Strategy risk

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

Concentration risk

Concentration risk and its corollary, diversification effects, are embedded within credit, market and operational risks using the correlation parameters taken into account by the corresponding risk models.

It is assessed at consolidated Group level and at financial conglomerate level.

Summary of risks

► **RISK MONITORED BY THE BNP PARIBAS GROUP:**

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

⁽¹⁾ Concentration risk is managed within credit risk at BNP Paribas, mainly via economic capital.

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

⁽³⁾ Insurance risks are outside the scope of banking risks. Insurance risks include market risks, operational risks, and risks related to the sale of insurance policies.

⁽⁴⁾ Internal Capital Adequacy Assessment Process

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

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

Internal Capital Adequacy Assessment Process (ICAAP)

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

BNP Paribas continues to fine-tune its tools for measuring economic capital requirements. It is also in the process of identifying the risks it believes should not be covered by a capital requirement but governed by appropriate management and control procedures. As a result of its analysis, the Group drew up the risk typology chart shown in the table above.

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

Risk factors

Risks Related to the Bank and its Industry

Deteriorating economic conditions have adversely affected the Bank's industry and the Bank's results and could in the future have a material adverse effect on the Bank's liquidity, earnings and financial condition

As a global financial institution, the Bank's businesses are highly sensitive to changes in the financial markets and economic conditions generally in Europe (especially in France and Italy), the United States, and elsewhere around the world. Adverse changes in market and economic conditions have increasingly since mid-2007 and could continue to create a challenging operating environment for financial institutions. Actual or potential such adverse changes have resulted and could result, in particular, from a deterioration in credit market conditions, regional or global recessions, fluctuations in commodity prices (including oil), increases or decreases in interest rates, inflation or deflation, and adverse geopolitical events (such as natural disasters, acts of terrorism and military conflicts).

Significant declines in housing markets globally, and particularly the United States, starting in 2007 and accelerating in 2008, with falling residential real estate prices and increasing foreclosures negatively affected the credit performance of mortgage loans and securities backed by them, particularly of the "subprime" variety, and resulted in significant write-downs of asset values by financial institutions around the world. These write-downs, initially of mortgage-backed securities but spreading to credit default swaps and other derivative and cash securities, in turn, caused many financial institutions around the world, and particularly in the United States and Europe, to seek additional capital, to merge with other institutions and, in some cases, to fail. Reflecting concern about the stability of the financial markets generally and the strength of counterparties, many lenders and institutional investors reduced or ceased providing funding to borrowers, including to other financial institutions. This market turmoil and tightening of credit conditions have led to an increased level of commercial and consumer delinquencies, lack of consumer confidence, increased market volatility, steep declines in stock market indices and widespread reduction of business activity generally. The resulting economic pressure on consumers and lack of confidence in the financial markets has adversely affected the results of operations and financial condition of financial institutions globally.

A continuation or worsening of adverse market and economic conditions could exacerbate their effects on financial institutions generally and the Bank in particular. In addition to the risks discussed elsewhere in this section, the Bank could face the following risks in connection with these events:

- market developments and adverse economic conditions may continue to affect consumer confidence levels and cause changes in payment patterns, causing increases in delinquencies and default rates, which would increase the Bank's cost of risk. These developments and conditions could lead to a continued increase in the rate of defaults by corporate borrowers, which constitute a substantial portion of the Bank's borrower base, and continued reduction in the credit-worthiness of, or demand for credit by, corporate borrowers;
- the Bank's ability to issue debt on the market, to borrow from other financial institutions or to engage in securitization funding transactions on favorable terms or at all could be adversely affected by further

disruptions in the capital markets or other events, including actions by rating agencies (such as the recently announced downgrading by Standard & Poors of the Bank's long term rating from AA+ to AA with negative outlook) and deteriorating investor expectations;

- equity markets in France, in Europe and elsewhere may continue to decline or experience continued high or even increased volatility, which could lead to further trading and investment losses or a further decline in capital markets transactions, cash inflows and commissions from asset management.

There can be no assurance that legislative action and other measures taken by governments and regulators in France or globally will fully and promptly stabilize the financial system, and the Bank and its shareholders may be adversely affected by measures taken in connection with such legislation

In response to the financial crisis, governments and regulators have enacted legislation and taken measures to help stabilize the financial system and increase the flow of credit to the economy. These measures have included the purchase or guarantee of distressed or illiquid assets; recapitalization through the purchase of securities issued by financial institutions (including ordinary shares, preferred shares, or hybrid or quasi-equity instruments); government guarantees of debt issued by financial institutions; and government-sponsored mergers and acquisitions of and divestments by financial institutions. In France, the government is implementing a program in two parts: the creation of a liquidity facility for financial institutions through a French State-guaranteed special purpose company, and the purchase by another French State-guaranteed special purpose company of preferred shares or hybrid super-subordinated securities issued by financial institutions. In each case, financial institutions must undertake to make loans to finance economic activity, and to abide by ethical obligations relating to themselves and their management (including compensation policy). In connection with this program, on December 11, 2008, the Bank issued EUR 2.55 billion of undated super-subordinated notes, the proceeds of which constitute Tier 1 capital, to a French State-owned entity. In addition, the Bank intends to convene an extraordinary general shareholders meeting to approve the issuance of EUR 5.1 billion of non-voting preference shares to the French State, the proceeds of which would constitute "core Tier 1" capital and half the proceeds of which would be used to redeem the previously-issued undated super-subordinated notes.

There can be no assurance as to the actual impact that these measures and related actions will have on the financial markets generally and on the Bank specifically, including the extreme levels of volatility and limited credit availability that has characterized the market for some time. The failure of these measures and related actions to help stabilize the financial markets and a continuation or worsening of current financial market conditions could lead to further decreases in investor and consumer confidence, further market volatility and decline, further economic disruption and, as a result, materially and adversely affect the Bank's business, financial condition, results of operations, access to credit or the trading price of the Bank's securities.

In addition, the Bank made several undertakings to the State in connection with the above-referenced issuance of super-subordinated notes, including not to buy back shares for so long as the notes are held by the State (except buybacks necessary to deliver shares under employee shareholding programs or in connection with the Bank's ordinary course business), and to increase by 4% in 2009 its outstanding loans to borrowers in France. The increased lending commitment could expose the Bank to further credit risk to the extent it entails any lowering of lending standards. The limitation on share buy-backs and potentially, as has been required in connection with government assistance in countries other than France, on dividend payments, could reduce the returns to the Bank's shareholders. Finally, a number of conditions were required by the European Commission in connection with its finding that the French bank recapitalization program was compatible with European State aid regulations. If these conditions were not respected by the French State or the Bank, the Bank could become ineligible for future State aid or be required to reimburse aid already received.

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

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

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

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

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

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

The recent market downturn has led to a decline in the volume of transactions that the Bank executes for its clients and, therefore, to a decline in its net banking income from this activity. There can be no assurance that this trend will not continue in the future. In addition, because the fees that the Bank charges for managing its clients' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of its clients' portfolios or increases the amount of withdrawals would reduce the revenues the Bank receives from its asset management, equity derivatives and private banking businesses.

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

Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and possibly leading to material losses

In some of the Bank's businesses, protracted market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the Bank cannot close out deteriorating positions in a timely way. This is especially the case for assets the Bank holds for which there are not very liquid markets to begin with. Assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may have values that the Bank calculates using models rather than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to losses that the Bank did not anticipate.

Significant interest rate changes could adversely affect the Bank's net banking income or profitability

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

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

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

In addition, misconduct by financial market participants can have a material adverse effect on financial institutions due to the interrelated nature of the financial markets. A recent example is the fraud allegedly perpetrated by Bernard Madoff, as a result of which numerous financial institutions globally, including the Bank, have announced losses or exposure to losses in substantial amounts. Potentially significant additional potential exposure is also possible in the form of litigation of various types, claims in the context of the bankruptcy proceedings of Bernard Madoff Investment Services (BMIS), and other potential claims relating to counterparty or client investments made, directly or indirectly, in BMIS or other entities controlled by Bernard Madoff.

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

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

In the highly competitive environment arising from globalization and convergence in the financial services industry, a reputation for financial strength and integrity is critical to the Bank's ability to attract and retain customers. The Bank's reputation could be harmed if it fails to adequately promote and market its products and services. The Bank's reputation

could also be damaged if, as it increases its client base and the scale of its businesses, the Bank's comprehensive procedures and controls dealing with conflicts of interest fail, or appear to fail, to address conflicts of interest properly. At the same time, the Bank's reputation could be damaged by, employee misconduct, misconduct by market participants or funds to which the Bank is exposed, a decline in, a restatement of, or corrections to its financial results, as well as any adverse legal or regulatory action. The loss of business that could result from damage to the Bank's reputation could have an adverse effect on its results of operations and financial position.

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

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

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

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

The Bank is subject to extensive supervisory and regulatory regimes in the countries in which it operates

Regulatory compliance risk arises from a failure or inability to comply fully with the laws, regulations or codes applicable specifically to the financial services industry. Non-compliance could lead to fines, public reprimand, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of operating licences.

The Group's businesses and earnings can be affected by fiscal measures and other policies adopted by regulatory authorities in France and other European Union countries, foreign governments or international agencies. The agencies regulating the financial services industry also periodically adopt changes to their regulations. The nature and impact of future changes in such policies and regulatory measures are unpredictable and are beyond the Group's control. In light of current conditions in financial markets, regulators have increased their focus on the regulation of the financial services industry and are considering substantial changes to applicable regulatory regimes. The Bank is unable to predict the nature and extent of possible future changes to regulations applicable to it. Any such changes could affect the Bank in substantial and unpredictable ways and could have an adverse effect on its business, financial condition and results of operations. Compliance with such regulation may increase

the Bank's costs and limit its ability to pursue business opportunities. Such changes could include, but are not limited to, the following:

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy that may significantly influence investor decisions in particular markets in which the Group operates;
- general changes in regulatory requirements, for example, prudential rules relating to applicable capital adequacy frameworks;
- changes in tax legislation or the application thereof;
- changes in competitive environment and prices;
- changes in the financial reporting environment; and
- expropriation, nationalization, confiscation of assets and changes in legislation relating to foreign ownership.

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

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

The Bank's hedging strategies may not prevent losses

If any of the variety of instruments and strategies that the Bank uses to hedge its exposure to various types of risk in its businesses is not effective, the Bank may incur losses. Many of its strategies are based on historical trading patterns and correlations. For example, if the Bank

holds a long position in an asset, it may hedge that position by taking a short position in another asset where the short position has historically moved in a direction that would offset a change in the value of the long position. However, the hedge may only be partial, or the strategies used may not protect against all future risks or may not be fully effective in mitigating the Bank's risk exposure in all market environments or against all types of risk in the future. Unexpected market developments may also reduce the effectiveness of the Bank's hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in the Bank's reported earnings.

The Bank may have difficulty in identifying and executing acquisitions, which could materially harm the Bank's results of operations

The Bank believes that external growth opportunities form part of its overall strategy. This strategy involves numerous risks. Although the Bank undertakes an in-depth analysis of the companies it plans to acquire, it is generally not feasible for these analyses to be complete in all respects. As a result, the Bank may assume unanticipated liabilities, or an acquired entity may not perform as well as expected. It is also possible that some or all of the planned synergies do not arise or that an acquisition leads to higher-than-expected costs. In addition, the Bank might have difficulty integrating an acquired entity. Failure to complete announced business combinations or failure to integrate acquired businesses successfully into those of the Bank could have a material adverse effect on the Bank's profitability or prospects. It could also lead to departures of key employees, or give rise to increased costs and reduced profitability if the Bank felt compelled to offer them financial incentives to remain.

Intense competition, especially in the Bank's home market of France, where it has the largest single concentration of its businesses, could adversely affect the Bank's net banking income and profitability

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

4.c RISK MANAGEMENT AND CAPITAL ADEQUACY

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

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

Until 31 December 2007, the Group's capital adequacy ratio was calculated in accordance with Comité de la Réglementation Bancaire et Financière (CRBF) regulation 91-05 dated 15 February 1991, i.e. total regulatory capital expressed as a percentage of the sum of:

- risk-weighted assets;
- the regulatory capital requirement for market risks, multiplied by 12.5.

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

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

Regulatory capital

Breakdown of regulatory capital

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

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

► AMOUNT OF REGULATORY CAPITAL

<i>In millions of euros</i>	31 December 2008 (Basel II)	31 December 2007 (Basel I) ⁽²⁾
Shareholders' equity before appropriation of income	53,228	53,799
Share capital, retained earnings and similar	42,707	47,056
Undated super subordinated notes and similar securities	10,521	6,743
Minority interests before appropriation of income	5,740	5,594
Share capital, retained earnings and similar	3,492	3,302
Preferred shares	2,248	2,292
Regulatory deductions and other items	(17,169)	(21,792)
Intangible assets (including goodwill)	(12,854)	(12,342)
Other regulatory deductions ⁽¹⁾	(4,315)	(9,450)
TIER 1 CAPITAL	41,799	37,601
Tier 2 capital	17,951	19,224
<i>of which positive difference between provisions and expected losses</i>	1,620	
Tier 2 regulatory deductions	(1,003)	(3,254)
Allocated Tier 3 capital	752	1,013
REGULATORY CAPITAL	59,499	54,584

⁽¹⁾ Deductions in respect of insurance companies, investments in credit institutions and finance companies accounted for by the equity method, subordinated debt of credit institutions held by the Bank and other items, including the dividend to be recommended at the Annual General Meeting of shareholders.

⁽²⁾ European Capital Ratio

Under Basel II, any positive difference between provisions and expected losses over one year is considered to be a component of Tier 2 capital. At 31 December 2008, this difference amounted to EUR 1,620 million.

Capital ratio

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

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

Capital management and planning

Capital adequacy ratios are managed prospectively on a prudent basis that takes into account the Group's profitability and growth targets. The Group maintains a balance sheet structure that allows it to finance business growth on the best possible terms while preserving its very high quality credit rating. In line with the commitment to offering shareholders an optimum return on their investment, the Group places considerable

emphasis on efficiently investing equity capital and attentively managing the balance between financial strength and shareholder return. In 2007 and 2008, the BNP Paribas Group's capital adequacy ratios complied with regulatory requirements and its own targets.

Regulatory capital levels are managed using information produced during the budget process, including forecast growth in earnings and risk-weighted assets, planned acquisitions, planned issues of hybrid capital instruments and exchange rate assumptions. Changes in ratios are reviewed by the Group's executive management at quarterly intervals and whenever an event occurs or a decision is made that will materially affect consolidated ratios.

4.d CREDIT AND COUNTERPARTY RISK

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

► EXPOSURE TO CREDIT AND COUNTERPARTY RISK BY BASEL ASSET CLASS

In millions of euros	Standardised Approach		IRBA		Total		Total
	Credit risk	Counterparty risk (***)	Credit risk	Counterparty risk (***)	Credit risk	Counterparty risk (***)	
Central governments and central banks	16,678	12	82,310	11,342	98,988	11,354	110,342
Corporates	130,434	1,489	317,213	56,043	447,647	57,532	505,179
Institutions ⁽¹⁾	33,828	966	95,996	37,022	129,824	37,988	167,812
Retail	144,312	-	121,128	-	265,440	-	265,440
Securitisation positions	5,412	-	25,499	-	30,911	-	30,911
Other non credit-obligation assets ⁽²⁾	76,766	-	-	-	76,766	-	76,766
TOTAL EXPOSURE	407,430	2,467	642,146	104,407	1,049,576	106,874	1,156,450

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

⁽¹⁾ The Basel II Institutions asset class comprises credit institutions and investment firms, including those recognised in other countries. It also includes some exposures to regional and local authorities, public sector agencies and multilateral development banks that are not treated as central government authorities.

⁽²⁾ Other non credit-obligation assets include tangible assets and accrued income and other assets.

⁽³⁾ The method used to calculate this exposure has been approved by the French banking supervisor and was not audited by the Group's statutory auditors.

The credit risk exposure shown in the table above represents the gross amount before impairment of deposit accounts with central banks and post office banks (EUR 39 billion), loans granted to customers (EUR 509 billion), and credit institutions (EUR 69 billion), fixed-income securities classified as "available-for-sale financial assets", "held-to-maturity financial assets" or designated as at fair value through profit or loss (EUR 135 billion), remeasurement adjustment on interest-rate risk hedged portfolios (EUR 3 billion), property, plant and equipment, and investment property (EUR 25 billion), accrued income and other assets (EUR 82 billion), and financing and guarantee commitments given (EUR 307 billion).

Exposure to repo transactions (EUR - 33 billion) and exposure not included in the prudential covered scope (EUR - 86 billion) have been deducted from these amounts.

Credit risk

Management of credit risk - lending activities

General credit policy and control and provisioning procedures

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

Decision-making procedures

A system of discretionary lending limits has been established, under which all lending decisions must be approved by a formally designated member of GRM. Approvals are systematically evidenced in writing, either by means of a signed approval form or in the minutes of formal meetings of a Credit Committee. Discretionary lending limits correspond

to aggregate commitments by business group and vary according to internal credit ratings and the specific nature of the business concerned. Certain types of lending commitments, such as loans to banks, sovereign loans and loans to customers operating in certain industries, are required to be passed up to a higher level for approval. In addition, an industry expert or designated specialist may also be required to sign off on the loan application. In Retail Banking, simplified procedures are applied, based on statistical decision-making aids.

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

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

Monitoring procedures

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

Impairment procedures

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

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

Internal rating system

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

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

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

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

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

Where external ratings exist, they are taken into account by mapping the internal rating scale against the external ratings based on the one-year default probability for each rating. The Bank's internal rating for an exposure is not necessarily the same as the external rating, and there is no strict correspondence between an external investment grade rating⁽¹⁾ and an internal rating equal to or higher than 5. Counterparties with a BBB- external rating may be rated 6 internally, even though an external

BBB- theoretically equates to an internal 5. Annual benchmarking studies are carried out to compare internal and external ratings.

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

Loss given default is determined either using statistical models for books with the highest degree of granularity or using expert judgment based on comparative values, in line with a process similar to the one used to determine the counterparty rating for corporate⁽²⁾ books. Basel II defines loss given default as the loss that the Bank would suffer in the event of the counterparty's default in economic downturn conditions.

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

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

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

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

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

⁽¹⁾ Defined as an external rating from AAA to BBB-.

⁽²⁾ According to the group policy, the Corporate book is applicable to banks, corporates, structured financing and sovereigns.

Back testing of global recovery rates is based mainly on analysing recovery flows on exposures in default. When an exposure has been written off, each amount recovered is discounted back to the default date and calculated as a percentage of the exposure. When an exposure has not yet been written off, the amount of provisions taken is used as a proxy for future recoveries. The recovery rate determined in this way is then compared with the forecast rate. Like the rating parameter, recovery rates are analysed on an overall basis and by rating policy and geographical area. Variances on an item by item and average basis are analysed taking into account the bimodal distribution of recovery rates. The results of these tests show that the Group's estimates are consistent with economic downturn conditions and are conservative on an average basis. Benchmarking of recovery rates is based on data pooling initiatives in which the Group takes part.

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

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

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

Portfolio Policy

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

Scope and nature of risk reporting and measurement systems

All information processes and systems used by the credit risk reporting function for producing Basel II reports have been submitted for review to the French banking supervisor (Commission Bancaire) as part of the IRBA approval process.

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

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

Risk mitigation techniques

Collateral and other security

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

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

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

Purchases of credit protection

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

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

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

Diversification of exposure to credit risk

Under Basel II, the Group's gross credit risk exposure amounted to EUR 942 billion at 31 December 2008 (EUR 923 billion at 31 December 2007). This portfolio, which is analysed below in terms of diversification, comprises all exposures to credit risk shown in the table in Note 4.d., excluding securitisation positions and other non credit-obligation assets⁽¹⁾. No single counterparty gives rise to an excessive concentration of credit risk, due to the size of the business and the high level industrial and geographical diversification of the client base. The breakdown of credit risks by industry and by region is presented in the charts below.

Diversification by counterparty

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

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

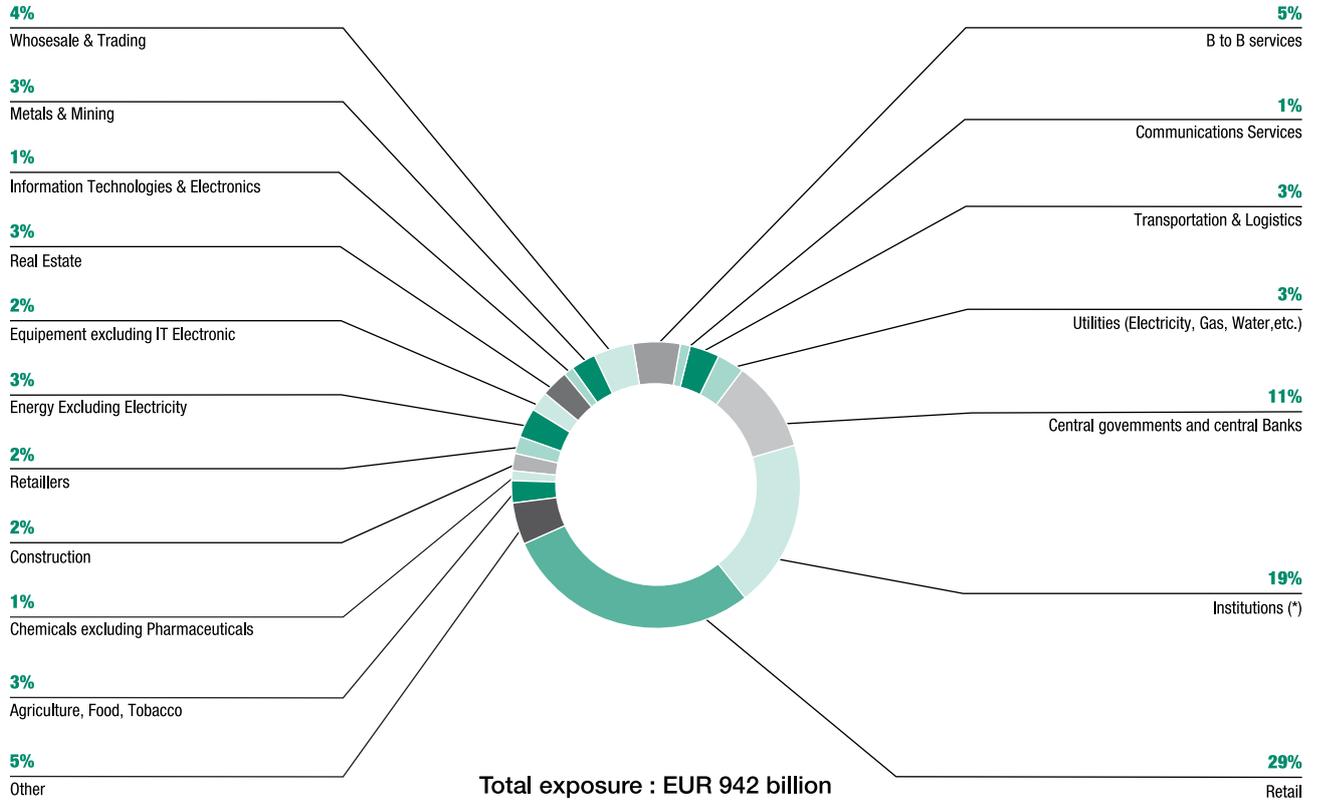
BNP Paribas remains well below the concentration limits set out in the European Directive on Large Exposures. The top ten customer groups accounted for less than 4% of total exposure at 31 December 2008 (stable compared with 31 December 2007).

INDUSTRY DIVERSIFICATION

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

⁽¹⁾ The scope covered includes loans and receivables due from customers, amounts due from credit institutions and central banks, the Group's credit accounts with other credit institutions and central banks, financing and guarantee commitments given (excluding repos) and fixed-income securities in the banking book.

► **BREAKDOWN OF CREDIT RISK BY BASEL II ASSET CLASS AND BY CORPORATE INDUSTRY AT 31 DECEMBER 2008**



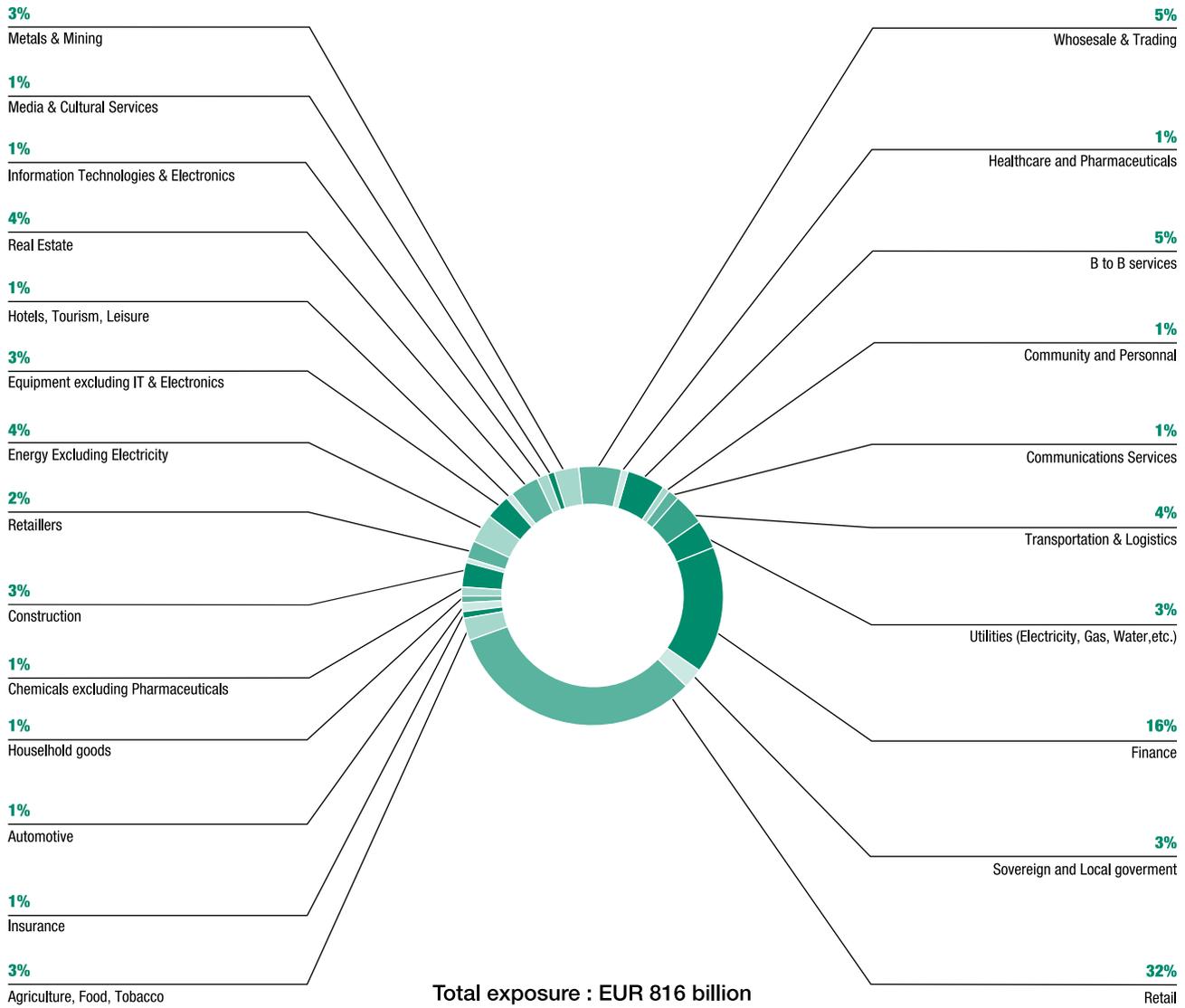
Prudential scope: exposure excluding counterparty risk, other non credit obligation assets and securitisation positions.

* The Basel II Institutions asset class comprises credit institutions and investment firms, including those recognised in other countries. It also includes some exposures to regional and local authorities, public sector agencies and multilateral development banks that are not treated as central government authorities.

The above analysis of the prudential scope rounds out the analysis of the scope of commercial loans and commitments as presented 31 December 2007.

Within this scope of commercial loans and commitments, below is a comparison of the breakdown by industry at 31 December 2007 and 31 December 2008.

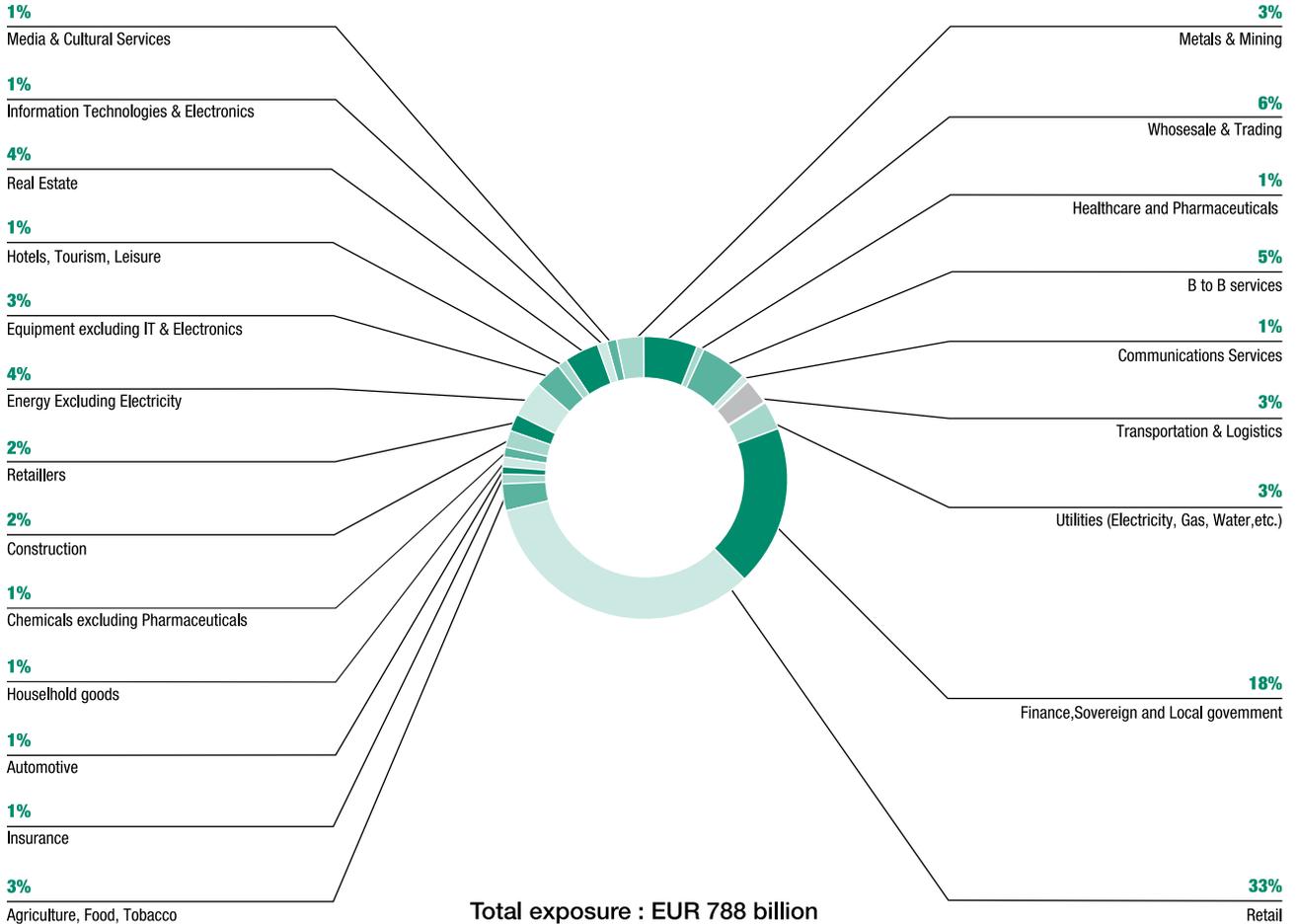
► **BREAKDOWN OF THE PORTFOLIO OF COMMERCIAL LOANS AND COMMITMENTS AT 31 DECEMBER 2008 BY INDUSTRY**



Scope: commercial loans and commitments

The scope covered comprises loans and receivables due from customers, amounts due from credit institutions and central banks, and financing and guarantee commitments given (excluding repo transactions). It does not include fixed-income securities.

► **BREAKDOWN OF THE PORTFOLIO OF COMMERCIAL LOANS AND COMMITMENTS AT 31 DECEMBER 2007 BY INDUSTRY**



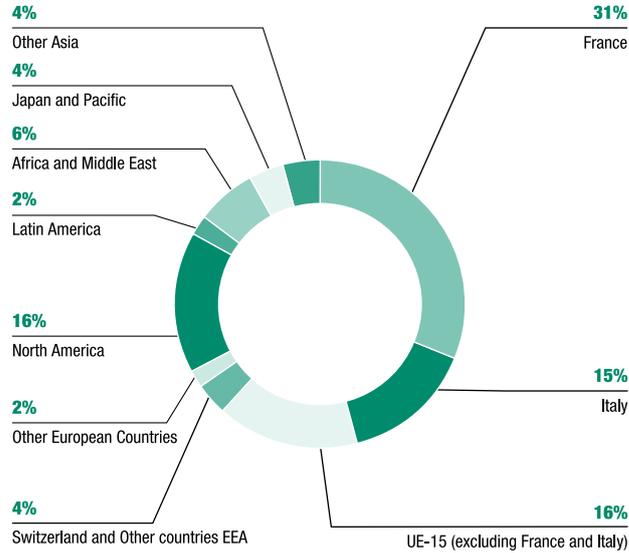
Scope: commercial loans and commitments

GEOGRAPHIC DIVERSIFICATION

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

environment, which must be taken into consideration when assessing counterparty quality. The way in which these considerations are included in the risk rating has recently been reviewed and extended.

➤ **GEOGRAPHICAL BREAKDOWN OF CREDIT RISK AT 31 DECEMBER 2008 BY COUNTERPARTY'S COUNTRY OF BUSINESS**



Total exposure : EUR 942 billion

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

Geographic diversification of exposure remains balanced and relatively stable, reflecting the Group's predominantly European operations.

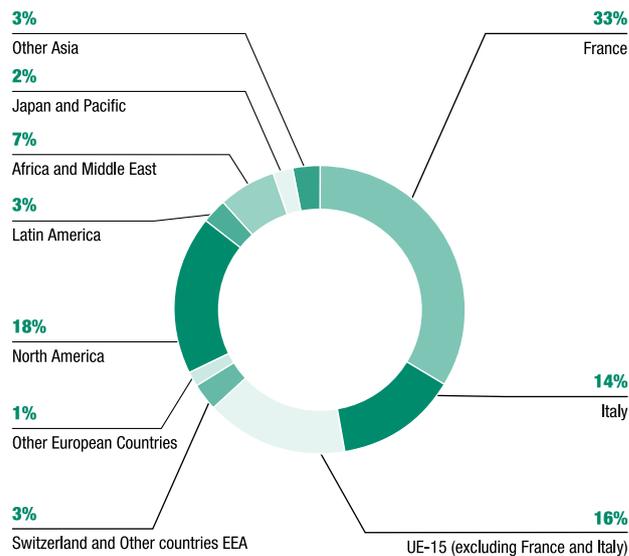
The Group, which is naturally present in most economically active areas, strives to avoid excessive concentrations of risk in countries whose political and economic infrastructure is acknowledged to be weak. Most

of the Group's exposure in these countries comprises export credit and short-term commercial commitments.

The above analysis of the prudential scope rounds out the analysis of the scope of commercial loans and commitments as presented 31 December 2007.

Within this scope of commercial loans and commitments, below is a comparison of the breakdown by region at 31 December 2007 and 31 December 2008.

➤ **GEOGRAPHICAL BREAKDOWN OF THE PORTFOLIO OF COMMERCIAL LOANS AND COMMITMENTS AT 31 DECEMBER 2008 BY COUNTRY OF BOOKING ENTITY**

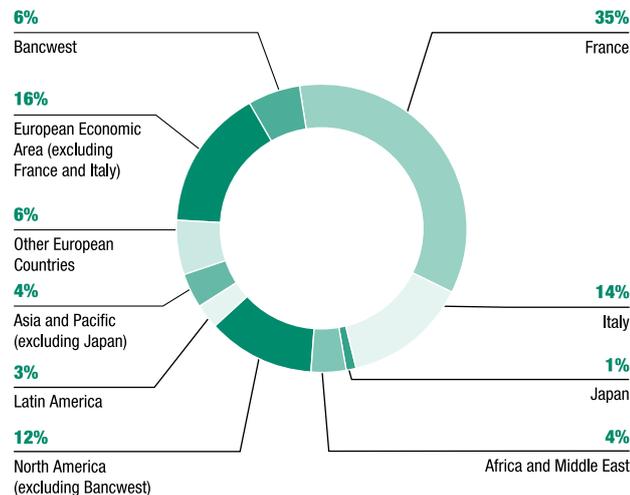


Total exposure : EUR 816 billion

Scope: commercial loans and commitments

The scope covered comprises loans and receivables due from customers, amounts due from credit institutions and central banks, and financing and guarantee commitments given (excluding repo transactions). It does not include fixed-income securities.

► **GEOGRAPHICAL BREAKDOWN OF THE PORTFOLIO OF COMMERCIAL LOANS AND COMMITMENTS AT 31 DECEMBER 2007 BY COUNTRY OF BOOKING ENTITY**



Total exposure : EUR 788 billion

Scope: commercial loans and commitments

Quality of the portfolio exposed to credit risk

Advanced Internal Ratings Based Approach (IRBA)

The internal rating system developed by the Group covers the entire Bank. The IRBA, validated in December 2007, covers the Corporate Investment Banking (CIB) portfolio, the French Retail Banking (FRB) portfolio, as well as BP2S and part of Personal Finance. A deployment plan has been presented to and validated by the French banking supervisor (Commission Bancaire) as part of the approval process. In time, the vast majority of Group entities will migrate to IRBA.

Corporate model

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

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

- for corporates and structured financing, an analysis is carried out by the unit proposing the rating and a global recovery rate to the Credit Committee, using the rating models and tools developed by GRM. The rating and global recovery rate are validated or revised by the GRM representative during the Credit Committee meeting. The Committee decides whether or not to grant or renew a loan and if applicable reviews the counterparty rating at least once a year;
- for banks, the analysis is carried out by analysts in the risk management function. Counterparty ratings and global recovery rates are determined during review committees by geographical area to ensure comparability between similar banks;

- for sovereigns, the ratings are proposed by the Economic Research Department and approved at Country Committee meetings which take place several times a year. The committee comprises members of Executive Management, the Risk Management Department and the business lines;
- for medium-sized companies, a score is assigned by the business line's credit analysts and GRM has the final say;
- for each of these sub-portfolios, the risk parameters are measured using a model certified and validated by the GRM teams, based mainly on an analysis of the Bank's historical data. The model is supported as far as possible by tools available through a network to ensure consistent use. However, expert judgment is also a fundamental factor. Each rating and recovery rate is subject to a personal opinion which may differ from the results of the model, provided it can be justified.

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

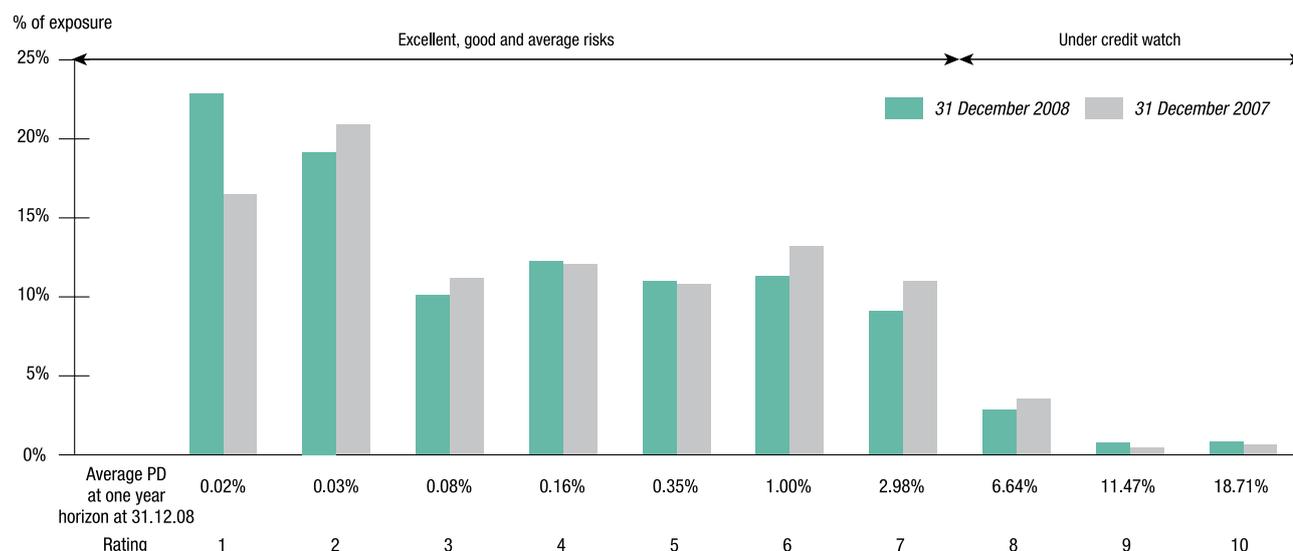
The same definition of default is used consistently throughout the Group.

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

The majority of commitments are towards borrowers rated as good even excellent quality, reflecting the heavy weighting of large multinational groups and financial institutions in the Bank's client base. A significant proportion of commitments to non-investment grade borrowers are

highly structured or secured by high quality guarantees implying a higher recovery in the event of default. They include export financing covered by export credit insurance written by international agencies, project finance, structured finance and transaction financing.

► **BREAKDOWN OF IRBA CORPORATE* EXPOSURES BY CREDIT RATING**



The proportion of exposures rated "1" has risen significantly due to an increase in compulsory reserves and deposits with central banks, mainly in the United States, France and Japan.

Excluding sovereigns and central banks, the change in breakdown of Corporate exposures during 2008 was mainly in the 6 to 8 rating brackets, due primarily to a sharp decrease in CIB - Energy and Commodities exposure.

Apart from these two structural effects, the corporate portfolio's quality did not experience any significant change.

Retail banking operations

Retail banking operations are carried out either by the BNP Paribas network of branches in France, or by certain subsidiaries and notably Personal Finance.

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

- standard internal ratings-based principles, underlining the importance of a watertight process and its ability to adapt to changes in the credit environment;
- principles for defining homogeneous pools of credit risk exposures;

- principles relative to credit models, particularly the need to develop discriminating and understandable models, and to model or observe risk indicators downstream in order to calibrate exposures. Risk indicators must be quantified based on historical data covering a minimum period of five years, and in-depth, representative sampling. All models must be documented in detail.

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

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

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

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

⁽¹⁾ The "Corporate" book shown in the chart above includes corporates, central governments and central banks, and institutions.

► **BREAKDOWN OF IRBA RETAIL EXPOSURES BY CREDIT RATING**



The risk profile remains stable and almost 75% of exposure is to good quality counterparties (equivalent to ratings 1 to 6).

Standardised approach

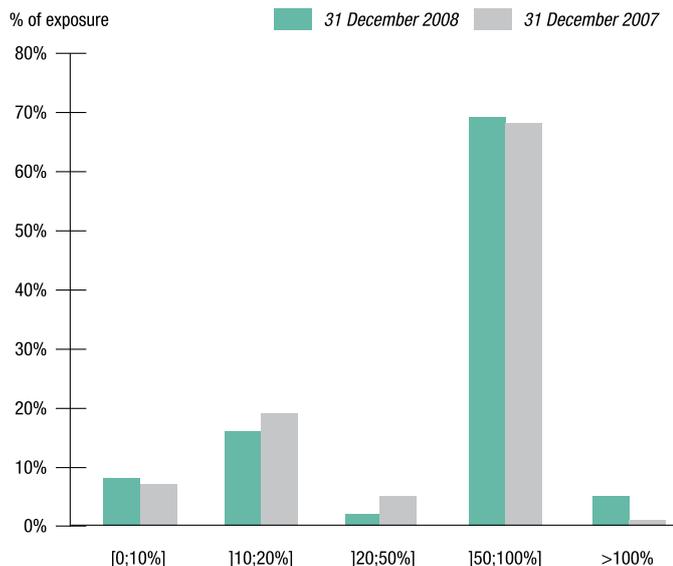
For exposures in the standardised approach, BNP Paribas uses the external ratings assigned by Standard & Poor's, Moody's and Fitch Ratings. These ratings are mapped into equivalent credit quality levels as required by the Basel II framework in accordance with the instructions issued by the French banking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

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

This exposure represents 35% of the BNP Paribas Group's total gross exposure. The main entities using the standardised approach at 31 December 2008 are BNL, BancWest, Cetelem excluding France, UCB, BPLG, TEB, UkrSibbank and the emerging country subsidiaries.

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

► **BREAKDOWN OF CORPORATE (*) EXPOSURE BY ACTUAL WEIGHTING IN THE STANDARDISED APPROACH**



The breakdown of Corporate exposures by actual weighting in the standardised approach remains broadly stable.

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

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

The following table presents the carrying amounts of financial assets that are past due but not impaired (by age of past due), impaired assets and related collateral or other security. The amounts shown are stated before any collective impairment.

<i>In millions of euros</i>	31 December 2008							
	Maturities of unimpaired past-due loans					Impaired assets and commitments covered by provisions	Total loans and commitments	Collateral received in respect of these loans and commitments
	Total	Up to 90 days	Between 90 days and 180 days	Between 180 days and 1 year	More than 1 year			
Financial assets at fair value through profit or loss (excl. variable-income securities)	18	15	-	-	3	-	18	-
Available-for-sale financial assets (excl. variable-income securities)	1	1	-	-	-	114	115	4
Loans and receivables due from credit institutions	137	87	2	18	30	33	170	20
Loans and receivables due from customers	9,518	8,796	547	94	81	8,407	17,925	9,494
Past-due assets, net of individual impairment provisions	9,674	8,899	549	112	114	8,554	18,228	9,518
Financing commitments given						223	223	10
Guarantee commitments given						460	460	67
Off-balance sheet non-performing commitments, net of provisions						683	683	77
TOTAL	9,674	8,899	549	112	114	9,237	18,911	9,595

<i>In millions of euros</i>	31 December 2007							
	Maturities of unimpaired past-due loans					Impaired assets and commitments covered by provisions	Total loans and commitments	Collateral received in respect of these loans and commitments
	Total	Up to 90 days	Between 90 days and 180 days	Between 180 days and 1 year	More than 1 year			
Financial assets at fair value through profit or loss (excl. variable-income securities)	6	-	-	-	6	-	6	-
Available-for-sale financial assets (excl. variable-income securities)	2	-	-	-	2	119	121	-
Loans and receivables due from credit institutions	151	66	24	13	48	37	188	35
Loans and receivables due from customers	7,003	6,574	370	30	29	5,753	12,756	6,690
Past-due assets, net of individual impairment provisions	7,162	6,640	394	43	85	5,909	13,071	6,725
Financing commitments given						149	149	111
Guarantee commitments given						517	517	12
Off-balance sheet non-performing commitments, net of provisions						666	666	123
TOTAL	7,162	6,640	394	43	85	6,575	13,737	6,848

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

Counterparty risk

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

Netting agreements

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

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

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

Measurement of exposure

Exposure at Default (EAD) for counterparty risk is measured using an internal assessment procedure which is subsequently integrated within the credit risk assessment tool. This tool has been used by the Group for the past ten years and is updated on an ongoing basis. It is based on Monte Carlo simulations which allow analysts to identify likely movements in exposure amounts. The stochastic processes used are sensitive to parameters (including volatility and correlation) calibrated on historical market data. Changes in exposure amounts are calculated up to the maturity of the corresponding transactions. To aggregate exposures, the system takes into account the legal environment of each transaction and counterparty, and any netting or margin call agreements.

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

Potential future exposures to counterparty risk are captured using ValRisk, an internal model allowing analysts to simulate several thousand possible market trend scenarios and revalue transactions carried out with each counterparty at several hundred future points in time (from 1 day to more than 30 years for very long-term transactions). To aggregate transactions on each counterparty, ValRisk takes into account the legal jurisdiction in which each counterparty operates, and in particular any netting or margin call agreements.

Monitoring and control of Counterparty Risk

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

Credit adjustments to over-the-counter financial instruments

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

Dynamic counterparty risk management

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

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

Economic and regulatory capital

ValRisk is also used to produce the information needed to compute economic capital (distribution of potential future exposures on each counterparty) and Basel II regulatory capital (expected effective positive exposures).

Securitisation

The BNP Paribas Group is involved in securitisation transactions as originator, sponsor and investor as defined by Basel II. Its activities in each of these roles are described below:

<i>In billion of euros</i>		
BNP Paribas role	Securitisation exposures originated by BNP Paribas	Securitisation positions held or acquired (EAD)
Originator	4.83	0.36
Sponsor	0.03	17.13
Investor	-	13.42
TOTAL	4.86	30.91

Proprietary securitisation (originator under Basel II)

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

Several securitisation transactions were carried out in 2008 by BNP Paribas subsidiaries, Personal Finance in France, BNL in Italy and UCI in Spain. The total amount securitised was EUR 13 billion. All these transactions have been retained by the subsidiaries concerned.

Given the weak market appetite for securitisation products since August 2007, the Group's strategy as regards securitising its retail loans has been to carry out proprietary transactions that serve as collateral for raising short-term liquidity with the European Central Bank.

In 2008, 33 transactions were carried out representing a total Group exposure of EUR 23.5 billion, including EUR 12 billion for Personal Finance, EUR 1 billion for Equipment Solutions and EUR 10.5 billion for BNL. Only nine of these transactions, representing a total Group exposure of EUR 4.8 billion, have been excluded from the calculation of Basel II risk-weighted assets, as shown in the table above.

Securitisation as sponsor on behalf of clients

During 2008, BNP Paribas Structured Finance continued to manage CLO conduits on behalf of clients but did not originate any new European CLO packages during the year in view of market conditions.

CIB Fixed Income carries out securitisation programmes involving the creation of special purpose entities (vehicles) on behalf of its customers. These programmes have liquidity facilities and, where appropriate, guarantees. Special purpose entities over which the Group does not exercise control are not consolidated.

Short-term refinancing: at 31 December 2008, six non-consolidated multiseller conduits (Eliopée, Thésée, Starbird, J Bird, J Bird 2 and Matchpoint) were managed by the Group on behalf of customers. These entities are refinanced on the local short-term commercial paper market. The Group has issued letters of credit guaranteeing the secondary default risk on securitised receivables managed for clients by these entities up to an amount of EUR 0.7 billion (stable at 31 December 2007) and has granted liquidity facilities totalling EUR 15.2 billion to these entities (EUR 15 billion at 31 December 2007).

Medium/long-term refinancing: the Group acts as sponsor for customers, setting funds that receive securitised customer assets and issuing medium and long-term bonds which are then placed by the Bank. These funds are not managed by the Bank and they are not consolidated. At 31 December 2008, the Group had granted liquidity facilities totalling EUR 0.3 billion (EUR 0.3 billion at 31 December 2007) to thirteen such funds (Meliadi SARL, Tenzing CFO, Forest Finance, Italfinance, Emerald Assets, LFE Capital III, Cavendish, CR Ferrara, Halcyon, Aurelius CDO, FCC 130, BB Air Funding and Wilmington Trust), representing a total of EUR 3.9 billion of securitised receivables (EUR 4.6 billion at 31 December 2007).

In the current climate of financial crisis, the BNP Paribas Group's structuring ability remains intact and it is therefore able to continue its securitisation arrangement business to meet its clients' financing needs, based on products better geared to current conditions in terms of risk and liquidity. These products are sometimes accompanied by specific banking facilities such as bridge financing, senior loans and cash facilities, representing a total of EUR 1.6 billion of securitisation positions.

Securitisation as investor

The Group's business in securitisation as investor is mainly carried out by CIB, AMS and IRS.

CIB Fixed Income is responsible for monitoring and managing the portfolio of ABS (either held or covered by CDOs) transferred to the prudential banking book, which represents a total of EUR 5.9 billion of ABS. It also manages liquidity facilities granted by banking syndicates to ABCP conduits managed by a number of major international industrial groups – clients of BNP Paribas – representing a total of EUR 1.3 billion.

CIB Loan and Portfolio Management (LPM) continued its securitisation activities as an investor in 2008. No new transactions have been set up since the first quarter of 2007, and the portfolio has shrunk by over 50% in two years.

At 31 December 2008, the notional amount of the securitisation portfolio managed by LPM had fallen to EUR 0.15 billion as several investments reached maturity and other programmes were either discontinued or sold following the difficulties suffered in 2008 by Lehman Brothers, Fannie Mae and Freddie Mac. These problems also led to the recognition of EUR 53 million of impairment losses.

In 2008, Asset Management & Services invested in securitisation programmes to provide liquidity to certain investment funds, mainly in the second and fourth quarters. These investments were made in strict compliance with the Group's risk management rules and totalled EUR 3.1 billion at 31 December 2008.

Within IRS, Bancwest is the only entity that invests in securitisation positions. The business is managed by its two subsidiaries, Bank of the West (BoW) and First Hawaiian Bank (FHB).

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

Securitisation risk management

Securitisation transactions arranged by BNP Paribas on behalf of clients are highly technical and specific in nature. They are therefore analysed and monitored independently by the Transaction Analysis Team, a dedicated unit within Risk-Capital Markets (R-CM). The team calls on additional expertise in terms of liquidity, valuing securitisation tranches, credit, accounting risk and compliance.

To ensure a consistent, comprehensive approach at Group level, the team covers cash securitisation transactions, credit risk on bridge and warehouse facilities (i.e. receivables awaiting securitisation), credit risk on related liquidity and derivative facilities for securitisation SPEs, and risks on conduits sponsored by BNP Paribas.

The risk management system for securitisation exposures complies with the Group's general risk management framework but is also tailored to the specific requirements of this market through the following additional committees and procedures:

- specific procedure for preparing ABCP credit applications;
- specific rating policies for ABS and ABCP;
- specific credit committees for approvals and reviews, including Regional and Global Securitisation Credit Committees (RSCC AND GSCC), Screening Committees where applicable and FICC for underwriting. Annual reviews are carried out for each ABS or programme, and also at consolidated conduit level. In addition, watchlist/doubtful committee meetings are held where necessary as part of the overall risk review;
- specific credit policy for structured ABS transactions and ASG's ABS investments (carried on the balance sheet or via conduits).

Given the crisis in the securitisation market since 2007, this system has also been strengthened by a crisis reporting procedure that includes specific sections devoted to ABS positions and conduits. Information is reported to Executive Management through Capital Market Risk Committees, Corporate Communication, CCIRC and stress testing reports (see section on "Reporting to Executive Management" – crisis monitoring and reporting).

4.e MARKET RISK

Market risk related to financial instruments

Definitions

Market risk is the risk of gains or losses due to changes in market parameters such as interest rates, exchange rates, and equity or commodity prices. The parameters are as follows:

- interest rate risk covers potential fluctuations in the value of fixed-rate financial instruments or financial instruments indexed to a market benchmark due to changes in market interest rates, and in future cash flows on floating-rate financial instruments;
- currency risk is the risk that the value of an instrument or of future cash flows from that instrument will fluctuate due to changes in foreign exchange rates;
- price risk arises from changes in market prices, whether caused by factors specific to an individual instrument or issuer or by factors affecting all instruments traded on the market. This may relate, for example, to changes in the price or volatility of shares, stock market indices or commodities. Variable-income securities, equity derivatives and commodity derivatives are exposed to this risk;
- credit spread risk on the trading book: BNP Paribas trades actively in credit derivatives to meet the needs of its customers. Transactions include trades in ordinary instruments such as credit default swaps, and structured transactions with complex risk profiles tailored to targeted strategies. As part of this trading activity, BNP Paribas buys and sells protection; the net position is subject to strict limits;
- options give rise to an intrinsic volatility and correlation risk, whose parameters can be determined from observable prices of options traded in an active market.

Notes:

- market risks arise mainly from trading book transactions carried out by the Fixed Income and Equity teams within Corporate and Investment Banking, and are monitored by GRM;
- similar financial instruments (exchange rate or credit instruments) are included in the banking book, but are monitored within credit risk;
- counterparty risk covers derivatives and repo pension transactions in both trading and banking books (see section 4.d).

Risk acceptance process

Governance

The Capital Markets Risk Committee (CMRC) is the main committee governing the risks related to capital markets. It is responsible for addressing, in a coherent manner, the issues related to market and counterparty risk. Two meetings a year are chaired by the Bank CEO, while other meetings may be chaired by one of the Bank's two COOS. The CMRC sets the highest-level trading limits (for market and treasury risks), outlines risk approval procedures, and reviews loss statements and estimates of stress test risks.

GRM's responsibilities in terms of market risk monitoring include the following:

- defining standard, measuring quantitatively and analytically reviewing the various sensitivities that mirror basic market risk;
- working with business units to set limits for sensitivities and other, more global indicators such as Gross Earnings at Risk (GEaR), known more generally as Value-at-Risk (VaR);
- approving the most significant new activities and transactions;
- reviewing and approving market position valuation models;
- generating reports for Executive Management and business line Senior Management; and
- performing Market Parameter (MAP) Reviews monthly with Group Product Control.

Limit setting and tracking

The CMRC has delegated responsibility for setting and tracking limits as follows:

- activity limits – delegated to trading managers;
- business unit limits – delegated to business unit managers;
- CMRC limits – delegated exclusively to the CMRC.

Authorisations to exceed limits: Special authorisation may be granted on a case-by-case basis to change limits either temporarily or permanently. The amount by which any limit is exceeded must be disclosed according to procedure, and actions must be taken based on the level at which limit responsibility has been delegated. The CMRC will be informed when limits are exceeded.

Measurement of market risk on trading activities

Overview

Market risk on trading activities is measured using three different indicators (GEaR, sensitivity, and stress tests) designed to capture all potential risks, including possible changes resulting from a sudden, severe decline in market conditions.

Measurement of market risk under normal market conditions

VaR (or GEaR) – This indicator is calculated from a model approved by the banking supervisor. It estimates the potential loss on a trading portfolio under normal market conditions over one trading day. The model is based on changes in the market over the previous 260 days with a confidence level of 99%. The banking supervisor has approved this internal model for both general and specific risks (i.e., specific equity and interest rate risks), as well as the following methodologies:

- the incorporation of typical risk factors: interest rates, credit spreads, exchange rates, securities prices, commodities prices, and the corresponding volatility;
- the incorporation of correlations between risk factors in order to account for the knock-on effects of risk diversification.

The algorithms and methodologies are reviewed and improved regularly so as to remain consistent with industry best practices and to take

into account product innovations and changes in market trading portfolios.

The Group's global risk tracking system (MRX) calculates the sensitivity of portfolio positions to various market parameters. This system is described below. It completes the series of market risk indicators used by the Group so as to continuously adapt to the increasing complexity of certain markets.

Measurement of market risk under extreme market conditions

Stress testing – The Group performs stress tests to simulate the impact of extreme market conditions on the value of trading portfolios. These conditions are reflected in the extreme stress scenarios and adjusted to reflect changes in the economic environment. GRM has outlined 15 stress test scenarios covering all market activities: interest rate, currency, equity derivative, commodity, and treasury. These scenarios are presented to and reviewed by the CMRC on a monthly basis.

These are reviewed at regular intervals. For interest rate and credit activities, most of the stress tests are performed using the same basis as daily position valuations. The system includes specific scenarios for some asset classes, like ABS.

The Group has also outlined specific scenarios to carefully manage some types of risks, most notably the more complicated risks requiring a full re-evaluation rather than an estimate based on sensitivity indicators (delta, gamma, vega, etc.). The results of these stress tests are presented to business line managers and stress test limits may be set.

Global risk tracking system

The Group uses an integrated system called Market Risk Explorer (MRX) to calculate VaR (GEaR) and help with daily position tracking. The risk coverage provided by MRX has been improved over the past few years with the following:

- a risk calculation for each transaction, enabling a more detailed analysis;
 - an enhanced field where risk calculations are made through a complete re-evaluation of values presented during VaR (GEaR) simulations and stress tests, replacing estimates based on sensitivity indicators (delta, gamma, vega, etc.), and
 - a greater range of screens available for performing specific analyses,
 - the Group's MRX staff and position tracking teams have also created daily variation reports showing the most significant changes in risk indicators (VaR, stress tests, reserves, etc.) for all capital market activities. These reports help improving data quality within a more structured framework.

Analysis of sensitivity to market parameters

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

MRX incorporates the following in its sensitivity analyses:

- the risk on each counterparty for an increasing number of sensitivity indicators, inflation risk, and a better representation of currency risk and volatility indicators;
- ABS risk (correlations, collection scenarios, and issuer risk reports); and
- base correlation risk.

VaR calculation methods are continually being improved to factor in new risks arising from changes in the structure of financial markets and products.

VaR values in 2008 (10 days, 99%)

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

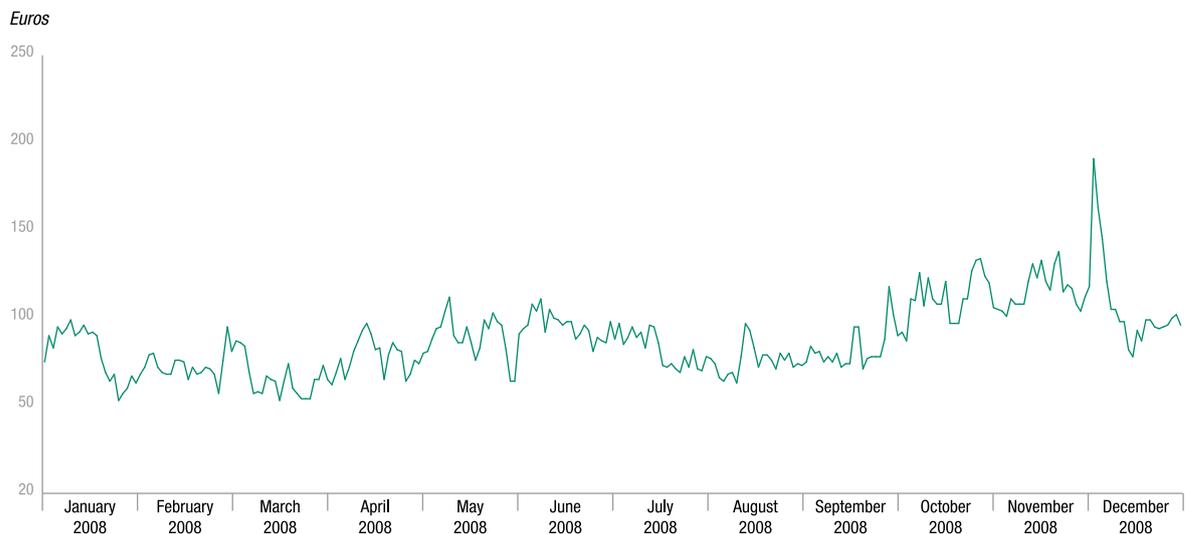
In 2008, total average VaR was EUR 278 million (with a minimum of EUR 167 million and a maximum of EUR 604 million), after taking into account the EUR 255 million effect of netting the different types of risk. These amounts break down as follows:

Type of risk	Year to 31 Dec. 2008			31 December 2008	Year to 31 Dec. 2007	31 December 2007
	Average	Minimum	Maximum		Average	
Interest rate risk	129	71	374	261	61	82
Credit risk	176	97	309	198	79	147
Currency risk ⁽¹⁾	42	14	102	69	17	41
Equity risk	169	52	400	119	134	152
Commodity risk	17	7	38	13	17	12
<i>Effect of netting</i>	<i>(255)</i>			<i>(357)</i>	<i>(152)</i>	<i>(189)</i>
TOTAL	278	167	604	303	156	245

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

Risk exposure in 2008

➤ VAR EVOLUTION (1 DAY, 99%) IN MILLIONS OF EUROS



VaR rose markedly as a result of extreme volatility in the financial markets, especially in the fourth quarter, despite a policy to cut the Bank's market positions.

GRM continuously tests the accuracy of its model through a variety of techniques, including a regular comparison over a long-term horizon between actual daily losses on capital market transactions and 1-day VaR. A 99% confidence level means that in theory the Bank should not incur daily losses in excess of VaR more than two or three days a year.

Daily losses exceeded VaR seven times in 2008, reflecting unprecedented shocks and exceptionally high volatility in the financial markets.

Portfolio valuation controls

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

The main areas of valuation control are:

- transaction recording;
- market Parameter (MAP) Reviews (monthly reviews of book valuations);
- model reviews; and
- reserve calculations.

The procedures for these controls are discussed below.

Governance

The Product and Financial Control Committee (PFCC) is a senior-level committee that meets quarterly to review valuation topics and take related decisions. The committee is chaired jointly by the head of CIB and the Group Chief Financial Officer; other members include the Chief Risk Officer and representatives from Finance and Development and the Risk Department.

At a business unit level, the Valuation Review Committee (VRC) meets every month to examine and approve the results of MAP Reviews and any changes in reserves. The committee is chaired by the Senior Trader and other members include representatives from trading, GRM, Group Product Control, and Finance and Development. The Valuation Review Committee also acts as the referee in any disagreements between trading and functional departments.

Transaction recording controls

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

Market Parameter (MAP) Review

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

The MAP Review methodology is outlined in separate procedures for each major product line. All MAP Review conclusions are documented, and the corresponding adjustments are made in the middle-office books. MAP Review results are presented to business managers during Valuation Review Committee meetings.

Reserve calculations

The Group began making significant efforts in 2007 to consolidate and centralise reserve calculations within MRX, especially for calculations based on sensitivity analyses already in the system and which will replace calculations made by position tracking teams. Reserves can generally be calculated daily.

Models review

GRM is responsible for reviewing valuation models. The main review processes are as follows:

- model validation – A formal review performed when changes are made to a model's methodology. The results of this review are documented in a Model Validation Report explaining the basis of and conditions for the validation.
- model testing – A process designed to test a model's quality and robustness.
- product/model mapping – A process that examines whether pricing models are suited to their products and being used properly within the system.

Day-one-profit

Some structured transactions require the use of parameters considered unobservable, which means that the day-one profit cannot be recognised under IAS 39. In these situations, the middle-office calculates the adjustments needed to offset this profit.

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

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

The middle-office calculates the necessary adjustments to the day-one profit and ensures that each transaction is observable.

Risk reports and information for Executive Management

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

Regular risk reports

The following risk reports are generated on a regular basis:

- weekly "Main Position" reports for each business line (equity derivatives, commodities, credit, and interest rate and currency derivatives), summarising all positions and highlighting items needing particular attention; these reports are sent to business line managers;
- bimonthly "Over 15m at Risk" reports sent to Executive Management;
- "CMRC Events Summary" reports used as a basis for discussions during CMRC meetings;
- "Position Highlights" reports focusing on specific issues; and
- geographical dashboards such as "UK Risk Dashboard" reports.

Crisis reports

Following the subprime crisis and credit crunch that hit the markets in August 2007, GRM expanded its range of reports and activities to include the following:

- weekly meeting between CIB and GRM managers to ensure coordinated efforts and make decisions in light of recent market developments and changes in counterparties' circumstances;
- new ABS stress tests (for trading and investment portfolios) and daily reports of the results of equity derivative stress tests;

- daily or weekly reports about the current financial crisis, summarising the result, market movements, emerging markets, and the counterparty risk on watch list, monolines, SIVs, CDPCs, mutual funds, financial institutions, and hedge funds;
- market and counterparty risk concentration analyses (volatility, dividends, etc); and
- specific counterparties analyses.

Market risk related to banking activities

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

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

At Group level, ALM-Treasury is part of the Corporate and Investment Banking Division and reports directly to one of the Chief Operating Officers. Group ALM-Treasury has functional authority over the ALM and Treasury staff of each subsidiary. Strategic decisions are made by the Asset and Liability Committee (ALCO), which oversees ALM-Treasury's activities. These committees have been set up within each division or operating entity (CIB, FRB, BNL, BancWest, Personal Finance, Equipment Solutions, Emerging Markets, and AMS).

Equity risk

Scope

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

Exposure to equity risk

<i>In millions of euros</i>	Exposure of fair value
Internal model method	10,128
<i>private equity in diversified portfolios</i>	3,020
<i>listed equities</i>	4,793
<i>other equity exposures</i>	2,315
TOTAL	10,128

The market value of exposures measured using the internal model amounted to EUR 10.1 billion at 31 December 2008 (EUR 13.9 billion at 31 December 2007). The Bank's equity portfolios suffered from the widespread slump in the stock markets in 2008.

They include:

- listed and unlisted equities and units in investment funds;
- options embedded in convertible and mandatory convertible bonds;
- equity options;
- super subordinated notes;
- commitments given and hedges related to equity interests; and
- interests in companies accounted for by the equity method.

Modelling equity risk

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

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

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

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

Accounting principles and valuation methods

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

Total gains and losses

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

Currency risk (Pillar 1)

Calculation of risk-weighted assets

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

Exposure to currency risk is now determined using the standardised approach (the Group has an internal model but only for the trading book), using the option provided by the banking supervisor to limit the scope to operational currency risk.

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

The rules for calculating the capital requirement for currency risk are as follows:

- matched positions in currencies of Member States participating in the European Monetary System are subject to a capital requirement of 1.6% of the value of the matched positions;
- CFA and CFP francs are matched with the euro, and are not subject to a capital requirement;
- positions in closely correlated currencies are subject to a capital requirement of 4% of the matched amount;
- other positions, including the balance of unmatched positions in the currencies mentioned above, are subject to a capital requirement of 8% of their amount.

Currency risk and hedging of earnings generated in foreign currencies

The Group's exposure to currency risks relates in particular to the earnings of foreign subsidiaries and branches. Group ALM is responsible for hedging the variability of Group earnings due to currency movements, including positions arising from foreign-currency earnings generated by activities located in France. Local treasury managers at foreign sites manage currency risk arising in relation to their functional currency. Positions relating to portfolio impairment are managed centrally by ALM.

Currency risk and hedging of net investments in foreign operations

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

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

Interest rate risk (Pillar 2)

Interest rate risk management framework

Interest rate risk on the commercial transactions of the French and International Retail Banking divisions, the specialised financing subsidiaries, and the savings management business lines in the AMS and Corporate Banking divisions are managed centrally by ALM-Treasury through the client intermediation book. Interest rate risk on the Bank's equity and investments is also managed by ALM-Treasury, in the equity intermediation and investments book.

Transactions initiated by the Bank in France are transferred to ALM-managed positions via internal contracts booked in the management accounts. Transactions initiated by Group subsidiaries or branches are transferred to the local ALM-Treasury, which matches the entity's net position, mainly in the form of loans and borrowings with Group ALM-Treasury.

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

Measurement of interest rate risk

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

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

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

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

Risk limits

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

limit, expressed as a percentage of customer deposits. This percentage is a declining function of the management period. This limit is used to manage long-term interest rate risk.

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

Sensitivity of the value of banking intermediation books

Since the books of financial instruments resulting from the Group's banking intermediation activities are not intended to be sold, they are not managed on the basis of their value. To comply with the financial reporting rules prescribed by IFRS, BNP Paribas determines the value of

the financial instruments that make up these books (see Note 8.g) and the sensitivity of that value to interest rate fluctuations.

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

The sensitivity of the value of banking intermediation books to an instantaneous change of one basis point in interest rates was an increase in value in the event of a fall and a decrease in value in the event of a rise of approximately EUR 3,629,000 at 31 December 2008, compared with EUR 2,146,000 at 31 December 2007.

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

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

In thousands of euros	31 December 2007					
	less than 3 months	3 to 12 months	1 to 3 years	3 to 5 years	more than 5 years	Total
EUR	550	(1,274)	(646)	(2,022)	3,244	(148)
USD	74	(309)	(856)	(209)	(1,197)	(2,497)
GBP	85	(25)	(59)	(20)	(7)	(26)
Other currencies	4	(11)	(22)	(12)	566	525
TOTAL	713	(1,619)	(1,583)	(2,263)	2,606	(2,146)

Hedging of interest rate and currency risks

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

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

Interest rate risk in the banking book

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

These hedging strategies are defined and implemented for each portfolio - customer activities and own funds - and currency. In 2008, the customer portfolios of most domestic and international retail banking units saw a widening mismatch between fixed-rate customer loan originations and inflows of long-term deposits. In France, there were further net

outflows from home savings plans and a continued significant shift away from savings accounts towards higher-yielding deposits. In parallel, origination of new medium- and long-term fixed-rate customer loans remained strong.

The market environment in 2008 can be analysed as two distinct periods. In the first half, the US Federal Reserve cut its key interest rates whilst the Central European Bank was still more concerned about inflationary pressures. In the summer, the financial crisis began to spread to the real economy. This resulted in significant revisions to growth forecasts in both mature and emerging countries, leading the central banks to cut their interest rates sharply. The collapse of Lehman Brothers in the US put a further squeeze on liquidity, driving short-term money market rates up continuously until the beginning of the final quarter.

The hedges put in place by the Bank in 2008 mainly reflected a fixed-rate borrowing strategy. They include derivatives and options typically accounted for as fair value hedges (in accordance with EU carved out fair value hedge regulations) or cash flow hedges. Government securities are mostly recorded in the "Available for sale" category.

No hedging relationship was disqualified from hedge accounting in 2008.

Structural currency risk

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

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

A similar hedging relationship is set up to hedge the currency risk on net foreign currency assets of consolidated branches and subsidiaries. Fair value hedges are used to hedge the currency risk on equity investments in non-consolidated companies. No hedging relationship was disqualified from hedge accounting in 2008.

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

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

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

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

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

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

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

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

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

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

Actual effectiveness is assessed on an ex-post basis by ensuring that the monthly change in the fair value of hedged items since the start of the month does not indicate any over-hedging.

Cash Flow Hedge

In terms of interest rate risk, the Group uses derivative instruments to hedge fluctuations in income and expenses arising on floating-rate assets and liabilities. Highly probable forecast transactions are also hedged. Hedged items are split into maturity bands by currency and benchmark interest rate. After factoring in prepayment assumptions and estimated default rates, the Group uses derivatives to hedge some or all of the risk exposure generated by these floating-rate instruments.

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

The table below concerns the scope of BNP Paribas SA Paris' medium- and long-term transactions and shows the amount of hedged future cash flows (split by forecast date of realisation), which constitute the majority of the Group's transactions.

In millions of euros	31 December 2008				31 December 2007			
	Less than 1 year	1 to 5 years	More than 5 years	Total	Less than 1 year	1 to 5 years	More than 5 years	Total
Hedged cash flows	892	1,027	1,543	3,462	1,042	2,080	3,445	6,567

In the year ended 31 December 2008, no hedges of forecast transactions were requalified as ineligible for hedge accounting on the grounds that the related future event would be no longer highly probable.

4.f OPERATIONAL RISK

Risk management framework

Regulatory framework

Operational risk management is governed by a strict regulatory framework:

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

Objectives and principles

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

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

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

- calculating capital requirements: this is based on a hybrid approach that combines an internal model covering 68% of the Group's Revenues at end 2008 with the standardised approach for other entities in the consolidation scope. Under the Advanced Measurement Approach (AMA), loss distributions are modelled and calibrated using two sets of data: historical event data since 2002 for the BNP Paribas Group and the major international banks, and internally constructed potential event scenarios to take better account of the extreme risks to which the Bank is exposed. This model was approved by the French banking supervisor (Commission Bancaire) on 1 January 2008;
- widespread use of control plans: BNP Paribas has embarked on a process of formulating "control plans", which have three objectives:

harmonising practices, rationalising the system and standardising controls. The project will also cover the Group's international operations and thereby support its growth. It is based on a risk mapping exercise carried out to identify and quantify potential risk scenarios, involving all the Group's core businesses and functions.

Key players and governance

The risk management framework relies on teams of operational risk analysts at all levels of the Group (core businesses, functions, business lines, subsidiaries and territories). The teams have been substantially bolstered over the past few years. In mid-2008, there were almost 500 dedicated full-time equivalents (ETP) including nearly 10% focusing entirely on coordinating business continuity. They have two key responsibilities:

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

The entire system therefore requires significant involvement of operational staff, who have front-line responsibility for managing their risk. Issues that arise in relation to operational risk management and business continuity are discussed with the Group's Executive Committee three times a year, and with the Internal Control Coordination Committee every month. This committee is chaired by the Internal Control Coordinator and brings together key players in the internal control process. Group companies are encouraged to adopt this governance structure in their own organisations.

Scope and nature of risk reporting and measurement

Executive Committees at the level of the Group and the core businesses are tasked with ensuring that operational risk is effectively managed and controlled in the areas falling within their remit, in accordance with the Group's operational risk framework. The committees validate the quality and consistency of reporting data, examine their risk profile in light of the tolerance levels set and assess the quality of risk control procedures in light of their objectives and the risks they incur.

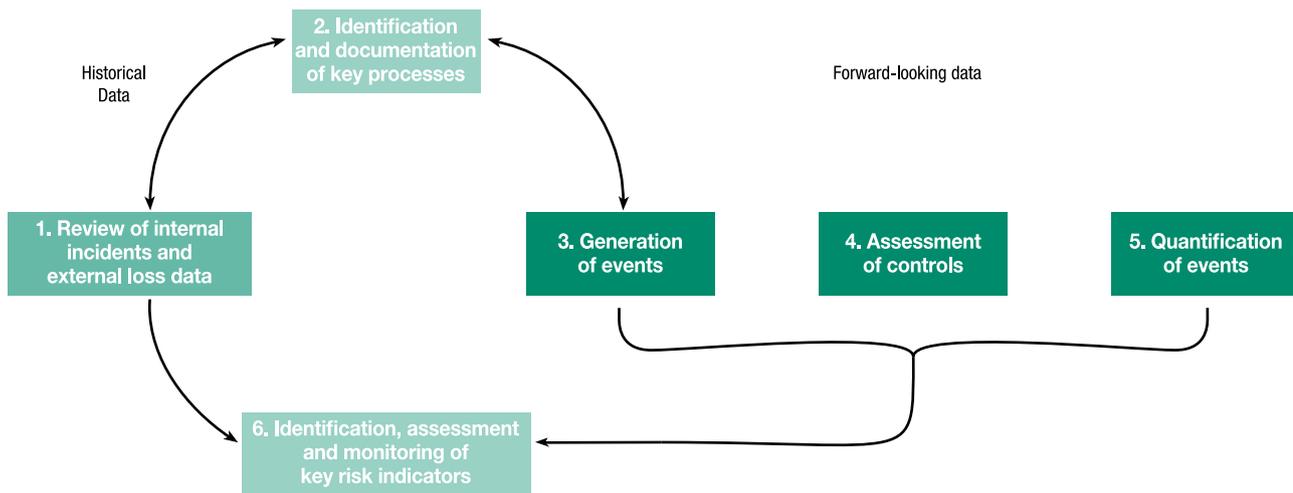
A Risk Analysis Protocol was drawn up in 2003 to structure the method for implementing these regulatory requirements and assessing key processes (see diagram below).

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

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

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

► PRODUCTION OF MANAGEMENT INFORMATION, DECISION MAKING AND ACTIONS PLANS



Components of operational risk related to legal, tax and information security risks

Legal risk

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

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

- specific committees:
 - the Executive Legal Affairs Committee,
 - the Global Legal Committee, which coordinates the activities of the legal function throughout the Group in all countries that have their own legal staff, and ensures that the Group's legal policies are consistent and applied in a uniform manner,
 - the Legislation Tracking Committee, which analyses, interprets and distributes throughout the Group the texts of new laws and regulations, and details of changes in French and European case law,
 - the Legal Internal Control Committee, whose focuses include overseeing operational risk,
 - the Litigation Committee, which deals with major litigation proceedings in which the Group is the plaintiff or defendant,
 - the Legal function is a permanent member of the Compliance Committee and the Internal Control Coordination Committee;
- internal procedures and databases providing a framework for (i) managing legal risk, in close collaboration with the Compliance function for all matters which also fall under their responsibility, and (ii) overseeing the activities of the Group's legal staff. At the end of 2004, a procedures database detailing all internal procedures in

French and in English was set up on the Group intranet with access rights for all employees;

- legal reviews, which are carried out in Group entities to ensure that local systems for managing legal risks are appropriate, legal risks are properly managed and tools correctly used. Regular visits are made, particularly to countries deemed the most vulnerable, in order to check the effectiveness of the systems developed by international units for managing legal risks;
- internal reporting tools, document templates and analytical models, which are upgraded on an ongoing basis by Group Legal Department and contribute to the analysis of operational risk.

A reorganisation of the Legal function began during 2007 and is now complete. The function has been decentralised and legal experts assigned to the operational teams of the divisions and business lines. This has given them a better understanding of the business lines and made them more responsive, leading to improved control over legal risks. The various committees described above meet regularly to maintain a consistent approach and provide overarching oversight.

Tax risk

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

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

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

- a network of dedicated tax specialists in 12 countries completed by tax correspondents covering other countries where the Group operates;

- a qualitative data reporting system in order to manage tax risks and assess compliance with local tax laws;
- regular reporting to Group Executive Management on the use made of delegations of authority and compliance with internal standards. The Group Tax Department co-chaired the Tax Coordination Committee chaired by Group Finance and Development.

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

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

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

Information security

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

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

Information security at BNP Paribas is managed in accordance with a set of various types of reference documents. These include a general security policy; more specific policies, mainly for various issues related to

information systems security; ISO 27001 requirements; practical guides to security requirements; and operational procedures that are more or less specific to the targeted context.

The security framework is drilled down to each individual business line, taking account of any regulatory requirements and the risk appetite of the business line in question. It is governed by the Group's general security policy which itself is based on ISO 27001. Each business line takes the same approach to managing information security. The primary methodology used is ISO 27005, supported by EBIOS, the French government methodology, common objective indicators, periodic controls, residual risk assessments and action plans. This approach is part of the permanent and periodic control framework set up for each banking activity pursuant to CRBF regulation 97-02 (amended in 2004) in France and similar regulations in other countries.

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

Like most global banking players, the Group's online retail banking businesses suffered a number of phishing/pharming attacks in 2008, as in previous years. All large-scale attacks were countered, with no harm whatsoever to our customers, thanks to the continuing reinforcement of existing awareness, prevention, detection and remedial measures. Although we did not see a significant rise in either the number or type of attacks over the year, the Group's businesses remain vigilant and continue to invest in measures that will allow them to keep one step ahead of security threats without increasing complexity for the internet user. In all countries where it has retail banking operations, BNP Paribas plays an active role in raising users' awareness of the intrinsic dangers of the internet and of the key measures that can be taken to mitigate these dangers, by establishing a direct dialogue with customers and working closely alongside public authorities and professional or community associations.

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

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

- setting up a procedural framework for each business line governing day-to-day operations (data production) and software management (existing and new applications);
- raising employees' awareness of information security imperatives and training key players in the appropriate procedures and behaviours related to information system resources;
- adopting a formal approach for evaluating existing systems and improving management of security risks through measurable key

performance indicators and action plans. This approach is applicable to business projects and shared information system architecture and applications, and is embedded within the Group's system of permanent and periodic controls;

- monitoring incidents and developing intelligence of technological vulnerability and attacks.

Insurance policies

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

The Group's insurance policy is based on an in-depth identification of risks underpinned by detailed operating loss data. The risks identified are then mapped and partially transferred to leading insurers in the market.

The Group purchases insurance against fraud, theft, property and casualty, business disruption, liability and other risks for which it may be held responsible.

In order to optimise costs and effectively manage risks, certain risks whose frequency and financial impact can be adequately estimated are self-insured.

In selecting insurers, the Group pays close attention to the credit rating and claims paying ability of the companies concerned.

Detailed information on risks incurred by BNP Paribas as well as risk assessment visits, enable insurers to assess the quality of coverage and risk prevention within the Group, as well as the safeguard measures put in place and upgraded on a regular basis in light of new standards and regulations.

4.g COMPLIANCE AND REPUTATION RISKS

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

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

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

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

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

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

4.h LIQUIDITY AND REFINANCING RISK

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

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

Liquidity risk management policy

Policy objectives

The objectives of the Group's liquidity management policy are to (i) secure a balanced financing mix to support BNP Paribas' development strategy; (ii) ensure that the Group is always in a position to discharge its obligations to its customers; (iii) ensure that it does not trigger a systemic crisis solely by its own actions; (iv) comply with the standards set by the local banking supervisor; (v) keep the cost of refinancing as low as possible; and (vi) cope with any liquidity crises.

Roles and responsibilities in liquidity risk management

The Group's Executive Committee sets the general liquidity risk management policy, including risk measurement principles, acceptable risk levels and the internal billing system. The Internal Control, Risk Management and Compliance Committee reports quarterly to the Board of Directors on liquidity policy principles and the Bank's position.

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

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

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

GRM contributes to defining liquidity policy principles. It also provides second-line control by validating the models, risk indicators, limits and market parameters used.

Centralised liquidity risk management

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

Liquidity risk management and supervision

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

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

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

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

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

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

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

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

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

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

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

Risk exposure in 2008

Movements in the consolidated balance sheet

The Group had total assets of EUR 2,075.6 billion at 31 December 2008. A total of EUR 895 billion in assets, excluding credit institutions, were refinanced in cash, an increase of EUR 77 billion on 2007, including EUR 49 billion relating to loans to customers.

This increase was refinanced primarily by customer deposits for EUR 67 billion.

Regulatory liquidity ratios

The average one-month regulatory liquidity ratio for BNP Paribas SA (French operations and branches) was 114% in 2008 compared with a minimum requirement of 100%.

Internal medium and long-term liquidity ratios

The ratio between sources and uses of funds due in more than one year was 84% at the end of December 2008 for the entire BNP Paribas Group, versus 88% at end-December 2007.

Risk mitigation techniques

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

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

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

Hedging strategies

In 2008, the Group continued its policy of diversifying its sources of financing in terms of structures, investors and collateralised financing. The "deposit" product line created in 2007 has contributed to diversifying the corporate and institutional investor base and reduce interbank borrowings. A new certificate of deposit programme offers funds the opportunity to increase their investment in the BNP Paribas Group, thereby improving its liquidity. For the year 2008, the collect of "deposit" product line increased by 20%, and amounted for EUR 23 billion.

The creation of a new certificate of deposit program for EUR 10 billion, offers the possibility to increase the shares that funds are willing to invest in BNP Paribas Group and to improve its liquidity as well. At 31 December 2008, its outstanding amount was EUR 2 billion.

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

Throughout 2008, the Group substantially increased its capacity for discounting securities and receivables with various central banks, both to obtain finance and to increase its liquidity reserve.

The loan to deposit ratio improved markedly in 2008, thanks to an increase of due to customers (EUR +67 billion) greater than the one of loans and receivable due from customers (EUR +49 billion). The ratio reached 119% in December 2008 compared to 128% in December 2007.

Senior debt

Senior debt with an economic life of more than one year issued by BNP Paribas SA and its subsidiaries in 2008 totalled EUR 39.4 billion, on a par with senior debt issued in 2007.

In 2008, the proportion of collateralised debt securities increased:

- BNP Paribas covered bonds: up from EUR 9 billion to EUR 12.7 billion;
- CRH (Caisse de Refinancement de l'Habitat): up from EUR 2.7 billion to EUR 3.3 billion;
- SFEF (Société de Financement de l'Economie Française): up from 0 to EUR 1.8 billion.

Subordinated debt and hybrid securities

In 2008, the Group issued subordinated notes for EUR 0.6 billion and undated super subordinated notes (TSSDI) for a total amount of EUR 3.8 billion.

Proprietary securitisations

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

4.i INSURANCE RISKS

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

Financial risks

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

There are three types of financial risk:

Interest rate risk

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

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

In France, to cover potential financial losses estimated over the life of the policies, a provision for future adverse deviation (provision pour aléas financiers) is booked when total amount of technical interest plus the guaranteed yield payable to policyholders through technical reserves is not covered by 80% of the yield on the admissible assets. No provision for future adverse deviation was booked at 31 December 2008 or 2007 as the yields guaranteed by the insurance subsidiaries are low and the guarantees are for short periods, resulting in only limited exposure.

Surrender risk

Savings contracts include a surrender clause allowing customers to request reimbursement of all or part of their accumulated savings. The insurer is exposed to the risk of surrender rates being higher than the forecasts used for ALM modelling purposes, forcing it to sell assets at a loss in order to free up the necessary cash for surrenders in excess of forecast.

The surrender risk is limited, however, as:

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

Unit-linked contracts with a capital guarantee

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

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

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

The capital guarantee reserve takes into account the probability of death, based on a deterministic scenario, and stochastic analyses of changing financial market prices. The capital guarantee reserve amounted to EUR 27 million at 31 December 2008 (stable compared with 31 December 2007).

Insurance subscription risks

The insurance subscription risks arise mainly in the Personal Risk business, which accounts for some 5% of the insurance subsidiaries' liabilities.

They result mainly from the sale of annuity policies in France and loan protection insurance worldwide.

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

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

Risk exposures from annuity and loan protection insurance business are monitored at quarterly intervals by BNP Paribas Assurance's Executive Committee, based on an analysis of loss ratios. Loss ratios for annuity contracts are based on mortality tables applicable under insurance regulations, as adjusted by independent actuaries where appropriate. Annuity risks are low.

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

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

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

4.j EXTENSION OF THE FINANCIAL CRISIS STARTED IN THE SECOND HALF OF 2007 INTO 2008

Background

The US housing market slowdown that started in the second half of 2007 extended into 2008, making investors wary of structured financial instruments derived from securitization transactions. This in turn affected the market prices of these instruments and the parameters used to value them, and these factors continue to deteriorate.

The prolonged US housing market collapse also highlighted the fragile financial health of monoline insurers, or the companies that had guaranteed securitized mortgage assets – especially in the case of subprime mortgages. Rating agencies cut the credit ratings of some monolines, increasing the risk premium on the securities issued by these insurers and consequently impairing their value. Two monoline insurers were able to negotiate commutation agreements with their counterparties for their riskiest commitments, but based on heavily discounted prices.

The financial crisis intensified dramatically on 15 September 2008 when the American bank Lehman Brothers declared bankruptcy. The US government refused to bail out Lehman Brothers – even though public backing had already been given to many financial institutions weakened by the crisis – without considering the systemic risk that would arise from the failure of a bank Lehman's size, nor the web of ties that Lehman had with other players across the financial sector. These other market participants suffered direct losses from their exposure to "Lehman risk", which weighed significantly on their second half 2008 earnings.

The US government's decision had considerable ramifications. Financial institutions lost faith in each other, making it more difficult for them to access liquidity. Central banks had to step in for the interbank market and expanded their balance sheets by relaxing the criteria on financial or banking assets they accepted as collateral. These measures helped ease interbank lending rates, after interbank spreads had peaked at 400 basis points for the dollar and 150 basis points for the euro. Spreads on medium-term debt also widened sharply, but to markedly different degrees depending on the market's assessment of the issuer's ability to weather the financial crisis on solid footing.

Banks were forced to recognise sizable write-downs, thus weakening their balance sheets and resulting in a need for fresh equity – at a time when investors had become averse to banking risk. Therefore the governments of the main countries affected by the crisis adopted exceptional measures involving huge sums of money, which were deployed to recapitalise troubled financial institutions and provide guarantees. Entire swathes of

the financial sector fell under state control. Companies with less exposure to the crisis still had to shore-up their equity to some extent, in order to meet prudential requirements amid the unprecedented uncertainty.

The crisis soon spread beyond the financial sector and into the broader economy. Business activity began slowing in developed countries the first half of the year, and the slowdown propagated to all corners of the globe with alarming speed. Every major developed region plunged into a recession. As companies' financial health deteriorated, more and more of them were unable to meet their payment obligations or found themselves facing bankruptcy. Banks' cost of risk escalated in the fourth quarter of 2008 – particularly noteworthy since their cost of risk had been exceptionally low in the years preceding the crisis.

The Lehman Brothers bankruptcy announcement sent the already bearish equity markets reeling. Stock market indices tumbled an average of 20% in the fourth quarter of 2008, after falling by around 30% in the first three quarters. Banks, along with all market participants, were compelled to recognise hefty write-downs on their equity holdings.

However, beyond the impact to the equity markets, the Lehman Brothers collapse triggered an unparalleled dislocation across all financial markets that was reflected in extreme shocks due to high volatility and an unprecedented level of correlation. These factors dragged on the performance of financial market players, most notably hedge funds which suffered large losses. Hedge fund managers had no choice but to slash their funds' investments in order to restore debt-to-equity ratios, and this large-scale unwinding of positions drove the markets even lower. Hedge fund managers also had to cope with substantial redemption requests from investors. The ensuing pressure on hedge funds revealed instances of fraud such as the Madoff scandal, a corrupt scheme of unparalleled scale.

Review of the main positions exposed to the direct effects of the crisis

The Group's risk surveillance and financial control teams continue to closely monitor positions that may be affected by the crisis, paying close attention to the methods and parameters used to value these positions.

Exposure to monoline risk

Exposure to US monoline insurer counterparty risk, by type of underlying asset

Gross exposure to counterparty risk ⁽³⁾ In millions of euros, at	31 December 2008	31 December 2007
CDO's ⁽¹⁾ of US RMBS ⁽²⁾ subprime	1,737	1,336
CDO's ⁽¹⁾ of european RMBS ⁽²⁾	21	13
CDO's ⁽¹⁾ of CMBS ⁽²⁾	237	122
CDO's ⁽¹⁾ of corporate bonds	1,182	227
CLO's ⁽¹⁾	266	166
Non credit related	-	19
TOTAL OF GROSS EXPOSURE TO COUNTERPARTY RISK	3,443	1,883

⁽¹⁾ CDO = Collateralized Debt Obligation; CLO = Collateralized Loan Obligation.

⁽²⁾ RMBS = Residential Mortgage Backed Security; CMBS = Commercial Mortgage Backed Security.

⁽³⁾ Gross counterparty risk is defined as the fair value of the corresponding financial instruments (the data at 31 December 2008 include the restructuring in January 2009 of the exposure on one counterparty).

Fair value adjustments to protection instruments issued by US monoline insurers

In millions of euros, at	31 December 2008	31 December 2007
GROSS EXPOSURE TO COUNTERPARTY RISK	3,443	1,883
Hedges	(727)	(773)
RESIDUAL UNHEDGED EXPOSURE	2,716	1,110
Credit adjustments	(1,827)	(420)
NET EXPOSURE TO COUNTERPARTY RISK	889	690

Exposure on leveraged buyouts in progress

The Bank reduced its gross exposure from approximately EUR 2,500 million at 31 December 2007 to EUR 1,800 million at 30 September 2008. These loans were reclassified to "Loans and receivables due from customers" on 1 October 2008 as discussed in Note 5.a, "Financial assets, financial

liabilities, and derivatives at fair value through profit or loss." The Bank recognised EUR 102 million of negative fair value adjustments for the first nine months of 2008 (i.e., up to the reclassification date), compared with EUR 238 million for 2007.

Exposure on sponsored conduits

BNP Paribas manages six securitisation conduits on behalf of clients, representing total assets of around EUR 12,800 million (vs. EUR 11,000 million at 31 December 2007). These assets are relatively low-risk. They include approximately EUR 5,800 million of US assets that are not exposed to the mortgage market (vs. EUR 4,200 million at 31 December 2007), compared with around EUR 200 million of mortgage-backed assets of which the subprime portion is not material at 31 December 2007.

These conduits have not been consolidated since they do not meet the consolidation criteria set out in Note 1.b.1 "Scope of consolidation". Although the Group provided liquidity assistance to some of these conduits during certain periods – debt securities issued by these conduits and provisionally carried in the Group's balance sheet represented EUR 1,286 million at 31 December 2008, vs. EUR 4,095 million at 31 December 2007 – the analysis of criteria demonstrating the absence of control by the Group has not been substantially modified.

Direct effect of the crisis on profit for the year

<i>In millions of euros</i>	Year to 31 Dec. 2008	Year to 31 Dec. 2007
EFFECT ON REVENUES		
Fair value adjustments		
Loan syndications in progress	(102)	(238)
Securitisations and other investments	(354)	(88)
Impairment on equity portfolio	(851)	-
Credit adjustments to reflect counterparty risk on over-the-counter derivatives		
Monoline insurers	(914)	(468)
Other counterparties	(721)	(57)
TOTAL EFFECT ON REVENUES	(2,942)	(851)
EFFECT ON COST OF RISK		
Loans to customers		
	(57)	(231)
Investment portfolio		
	(181)	(131)
Market counterparties		
<i>of which monolines classified as doubtful</i>	(974)	(44)
<i>of which Lehman Brothers</i>	(540)	-
<i>of which Icelandic banks</i>	(150)	-
Madoff risk		
	(345)	-
TOTAL EFFECT ON COST OF RISK	(2,643)	(424)

Note 5 NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2008**5.a FINANCIAL ASSETS, FINANCIAL LIABILITIES AND DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS**

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

Financial assets

Trading book assets include proprietary securities transactions, repurchase agreements, and derivative instruments contracted for position management purposes. Assets designated by the Group as at fair value

through profit or loss include admissible investments related to unit-linked insurance business, and to a lesser extent assets with embedded derivatives that have not been separated from the host contract.

Financial liabilities

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

The nominal value of financial liabilities at fair value through profit or loss at 31 December 2008 was EUR 68,291 million (EUR 79,680 million at 31 December 2007). Their fair value takes into account any change attributable to issuer risk relating to the BNP Paribas Group itself insofar as this change is considered material in respect of the Group's conditions

of issuance. The Group has recognised a EUR 734 million reduction in the fair value of its debt (EUR 141 million at 31 December 2007), taking into consideration the increase in the value of its own credit spread and the cost of liquidity observed during the crisis affecting the financial markets since the second half of 2007.

In millions of euros	31 December 2008			31 December 2007		
	Trading book	Assets designated at fair value through profit or loss	Total	Trading book	Assets designated at fair value through profit or loss	TOTAL
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Negotiable certificates of deposit	64,736	410	65,146	82,476	554	83,030
Treasury bills and other bills eligible for central bank refinancing	45,155	7	45,162	65,077	12	65,089
Other negotiable certificates of deposit	19,581	403	19,984	17,399	542	17,941
Bonds	115,374	5,774	121,148	121,314	6,488	127,802
Government bonds	80,857	413	81,270	56,294	491	56,785
Other bonds	34,517	5,361	39,878	65,020	5,997	71,017
Equities and other variable-income securities	52,840	33,944	86,784	100,709	43,975	144,684
Repurchase agreements	350,282	106	350,388	334,033	95	334,128
Loans	465	1,420	1,885	2,791	2,351	5,142
to credit institutions	108	1,322	1,430	-	2,240	2,240
to corporate customers	350	98	448	2,781	111	2,892
to private individual customers	7	-	7	10	-	10
Trading book derivatives	566,920		566,920	236,920		236,920
Currency derivatives	50,586		50,586	23,627		23,627
Interest rate derivatives	297,600		297,600	99,308		99,308
Equity derivatives	116,679		116,679	75,243		75,243
Credit derivatives	85,531		85,531	30,342		30,342
Other derivatives	16,524		16,524	8,400		8,400
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	1,150,617	41,654	1,192,271	878,243	53,463	931,706
of which loaned securities	30,592		30,592	40,530		40,530
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS						
Borrowed securities and short selling	83,736	-	83,736	116,073	-	116,073
Repurchase agreements	369,315		369,315	357,386	451	357,837
Borrowings	1,276	1,501	2,777	1,517	2,254	3,771
Credit institutions	1,190	669	1,859	811	1,475	2,286
Corporate customers	86	832	918	706	779	1,485
Debt securities	-	53,940	53,940	-	73,973	73,973
Trading book derivatives	545,034		545,034	244,471		244,471
Currency derivatives	45,151		45,151	26,017		26,017
Interest rate derivatives	291,457		291,457	97,412		97,412
Equity derivatives	104,195		104,195	83,455		83,455
Credit derivatives	82,380		82,380	30,180		30,180
Other derivatives	21,851		21,851	7,407		7,407
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	999,361	55,441	1,054,802	719,447	76,678	796,125

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

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

derivative transactions which are primarily contracted to protect the Group's loan book.

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

The table below shows the total notional amount of trading derivatives. The notional amounts of derivative instruments are merely an indication of the volume of the Group's activities in financial instruments markets, and do not reflect the market risks associated with such instruments.

<i>In millions of euros</i>	31 December 2008	31 December 2007
Trading book derivatives	36,349,436	29,510,170
Currency derivatives	1,688,447	1,519,922
Interest rate derivatives	30,477,544	23,593,404
Equity derivatives	2,248,303	2,085,374
Credit derivatives	1,770,439	2,143,613
Other derivatives	164,703	167,857

Derivatives traded on organised markets represented 38% of the Group's derivatives transactions at 31 December 2008 (42% at 31 December 2007).

Breakdown of financial instruments by type of fair price measurement

The breakdown of financial instruments by type of fair value measurement given in the following table has been prepared in accordance with categories defined in Note 1.c.9. "Determination of fair value"

<i>In millions of euros at</i>	31 December 2008				31 December 2007			
	Market price (cat 1)	Model with observable parameters (cat 2)	Model with non-observable parameters (cat 3)	Total	Market price (cat 1)	Model with observable parameters (cat 2)	Model with non-observable parameters (cat 3)	TOTAL
FINANCIAL ASSETS								
Financial assets held for trading purposes at fair value through profit or loss	627,928	495,977	26,712	1,150,617	624,082	250,518	3,643	878,243
Financial assets at fair value through profit or loss under the fair value option	35,725	5,929	-	41,654	46,790	6,673	-	53,463
FINANCIAL LIABILITIES								
Financial liabilities held for trading purposes at fair value through profit or loss	510,407	463,078	25,876	999,361	481,831	229,788	7,828	719,447
Financial liabilities at fair value through profit or loss under the fair value option	-	55,441	-	55,441	451	76,227	-	76,678

The first category comprises financial instruments traded on liquid organised markets.

During 2008, the markets for some convertible bond classes, collateral debt obligations (CDOs), ABSs, and long-term structured derivatives

became inactive. In the absence of any significant trading volumes and, therefore, any market references, these instruments were valued on the basis of models using non-observable inputs at 31 December 2008.

Day one profit and sensitivity of model values to reasonable changes in assumptions

The fair value of certain complex derivatives is determined using measurement techniques or internally-developed models based on assumptions which do not rely directly on currently-observable market data. These models are based on methods widely used in the financial community, are subject to a internal approval procedure and are regularly reviewed by Risk Management.

The uncertainty inherent to the use of these models is quantified through analyses of sensitivities to non-observable parameters as well as through

comparison with valuations resulting from alternative models. Given this uncertainty, the Group uses reserves to adjust the carrying amount of the instruments concerned.

Day one profit is calculated net of these reserves, and is taken to the profit and loss account over the period during which the valuation parameters are expected to remain unobservable (Note 1.c.9). The unamortised amount is included in the balance sheet as a reduction in the fair value of these complex transactions.

Changes in the margin not taken to the profit and loss account and contained in the price of derivatives sold to clients and measured using internal models based on non-observable parameters ("day one profit") can be analysed as follows over years 2007 and 2008:

<i>In millions of euros</i>	Year to 31 Dec. 2008	Year to 31 Dec. 2007
Deferred margin at 1 January	673	731
Deferred margin on transactions during the year	542	411
Margin taken to the profit and loss account during the year	(505)	(469)
Deferred margin at 31 December	710	673

This deferred margin is recorded in "Financial assets held for trading purposes at fair value through profit or loss held for trading purposes" or "Financial liabilities held for trading purposes at fair value through profit or loss", which are measured by models based on non-observable parameters.

At 31 December 2008, the sensitivity of the values resulting from reasonable alternative assumptions likely to be used to quantify the parameters used can be estimated at approximately EUR 545 million (EUR 270 million at 31 December 2007).

Reclassification of financial instruments held for trading and initially recognised at fair value through profit or loss

The crisis that shook financial markets worldwide in the second half of 2007 continued through 2008, reaching an unprecedented scale in the

fourth quarter of the year. The effects of the crisis were particularly visible in the volume and duration of interbank financing transactions, the volume and conditions of syndicated leveraged loans, and the trading of structured instruments arising from securitisation transactions. The crisis also made liquidity scarce in numerous markets and market segments, and did away with almost all reliable market transactions or reference points for a large number of financial instruments.

These exceptional circumstances prompted the Group to change its accounting treatment of financial instruments initially held for trading. While the Group originally intended to sell these assets, they are now being held within customer loan portfolios or as securities available for sale. The Group has therefore reclassified these assets into the corresponding categories allowed by the amendments to IAS 39 and IFRS 7 adopted by the European Union on 15 October 2008.

These assets were reclassified in the fourth quarter of 2008 and are summarised in the following table:

<i>In millions of euros</i>	Amount on the reclassification date	31 December 2008	
		Carrying value	Market or model value
Financial assets reclassified from the trading portfolio	7,844	7,816	7,405
Into loans and receivables due from customers	7,077	7,079	6,668
Into available-for-sale financial assets	767	737	737

The cash flows expected and deemed recoverable by the Group as of the reclassification date were EUR 7,904 million for assets reclassified as "Loans and receivables due from customers" and EUR 790 million for assets reclassified as "Available-for-sale assets." The average effective

interest rates for these two categories of assets are 7.6% and 6.7%, respectively.

The following table shows the profit or loss items related to the reclassified assets, both as they were recorded in 2008 and as they would have been recorded if the reclassification had not taken place.

In millions of euros	Year to 31 Dec. 2008			Year to 31 Dec. 2007
	Up to the reclassification date	After the reclassification date	Total	
Profit or loss and equity (before tax) related to reclassified assets, as recorded	(487)	43	(444)	(211)
- Profit or loss items				
Gains or losses on financial assets at fair value through profit or loss	(487)	42 ⁽¹⁾	(445)	(211)
Interest income		64	64	
Cost of risk		(28)	(28)	
- Equity items				
Change in the value of instruments reclassified as available-for-sale, after reclassification and recognised in equity		(35)	(35)	
Profit or loss (before tax) items if assets had not been reclassified	(487)	(424)	(911)	
Gains or losses on financial assets at fair value through profit or loss	(487)	(424)	(911)	

⁽¹⁾ Profit or loss item related to the hedged portion of reclassified instruments.

5.b DERIVATIVES USED FOR HEDGING PURPOSES

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

In millions of euros	31 December 2008		31 December 2007	
	Negative fair value	Positive fair value	Negative fair value	Positive fair value
DERIVATIVES USED AS FAIR VALUE HEDGES OF NON-DERIVATIVE FINANCIAL INSTRUMENTS				
Currency derivatives	5	2	-	22
Interest rate derivatives	5,195	2,409	655	1,487
Other derivatives	-	52	14	43
FAIR VALUE HEDGES	5,200	2,463	669	1,552
DERIVATIVES USED AS CASH FLOW HEDGES OF NON-DERIVATIVE FINANCIAL INSTRUMENTS				
Currency derivatives	378	313	162	173
Interest rate derivatives	542	1,719	418	428
Other derivatives	52	-	2	-
CASH FLOW HEDGES	972	2,032	582	601
DERIVATIVES USED AS NET FOREIGN INVESTMENT HEDGES				
Currency derivatives	-	60	10	1
NET INVESTMENT HEDGES	-	60	10	1
DERIVATIVES USED FOR HEDGING PURPOSES	6,172	4,555	1,261	2,154

The total notional amount of derivatives used for hedging purposes stood at EUR 459,134 million at 31 December 2008, compared with EUR 371,339 million at 31 December 2007.

Derivatives used for hedging purposes are primarily contracted on over-the-counter markets and are measured using models based on observable parameters.

5.c AVAILABLE-FOR-SALE FINANCIAL ASSETS

<i>In millions of euros</i>	31 December 2008	31 December 2007
Negotiable certificates of deposit	19,487	17,499
Treasury bills and other bills eligible for central bank refinancing	14,110	12,762
Other negotiable certificates of deposit	5,377	4,737
Bonds	94,946	73,457
Government bonds	61,014	48,802
Other bonds	33,932	24,655
Equities and other variable-income securities	18,849	22,670
<i>of which listed securities</i>	9,717	14,454
<i>of which unlisted securities</i>	9,132	8,216
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS, BEFORE IMPAIRMENT PROVISIONS	133,282	113,626
of which loaned securities	374	1,729
Provisions for impairment of available-for-sale financial assets	(2,557)	(1,032)
Fixed-income securities	(422)	(231)
Variable-income securities	(2,135)	(801)
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET OF IMPAIRMENT PROVISIONS	130,725	112,594
<i>of which unrealised gains and losses on negotiable certificates of deposit and bonds</i>	(1,893)	(769)
<i>of which unrealised gains and losses on equities and other variable-income securities</i>	162	5,794

5.d INTERBANK AND MONEY-MARKET ITEMS

► LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

<i>In millions of euros</i>	31 December 2008	31 December 2007
Demand accounts	13,514	15,497
Loans	49,648	48,901
Repurchase agreements	6,074	6,772
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS, BEFORE IMPAIRMENT PROVISIONS	69,236	71,170
Provisions for impairment of loans and receivables due from credit institutions (Note 2.f)	(83)	(54)
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS, NET OF IMPAIRMENT PROVISIONS	69,153	71,116

► DUE TO CREDIT INSTITUTIONS

<i>In millions of euros</i>	31 December 2008	31 December 2007
Demand accounts	8,673	8,165
Borrowings	154,292	130,370
Repurchase agreements	23,222	31,647
TOTAL DUE TO CREDIT INSTITUTIONS	186,187	170,182

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5.e CUSTOMER ITEMS**► LOANS AND RECEIVABLES DUE FROM CUSTOMERS**

<i>In millions of euros</i>	31 December 2008	31 December 2007
Demand accounts	28,519	29,794
Loans to customers	454,237	403,295
Repurchase agreements	885	247
Finance leases	25,058	24,266
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS, BEFORE IMPAIRMENT PROVISIONS	508,699	457,602
Impairment of loans and receivables due from customers (Note 2.f)	(14,298)	(12,499)
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS, NET OF IMPAIRMENT PROVISIONS	494,401	445,103

► BREAKDOWN OF FINANCE LEASES

<i>In millions of euros</i>	31 December 2008	31 December 2007
GROSS INVESTMENT	28,313	27,294
Receivable within 1 year	7,753	7,407
Receivable after 1 year but within 5 years	15,140	14,671
Receivable beyond 5 years	5,420	5,216
Unearned interest income	(3,255)	(3,028)
NET INVESTMENT BEFORE IMPAIRMENT PROVISIONS	25,058	24,266
Receivable within 1 year	6,946	6,258
Receivable after 1 year but within 5 years	13,256	13,453
Receivable beyond 5 years	4,856	4,555
Impairment provisions	(508)	(431)
NET INVESTMENT AFTER IMPAIRMENT PROVISIONS	24,550	23,835

► DUE TO CUSTOMERS

<i>In millions of euros</i>	31 December 2008	31 December 2007
Demand deposits	198,926	159,842
Term accounts and short-term notes	161,705	140,259
Regulated savings accounts	42,226	40,198
Repurchase agreements	11,098	6,405
TOTAL DUE TO CUSTOMERS	413,955	346,704

5.f DEBT SECURITIES AND SUBORDINATED DEBT

<i>In millions of euros</i>	31 December 2008	31 December 2007
Debt securities at fair value through profit or loss (Note 5.a)	53,940	73,973
Other debt securities	157,508	141,056
Negotiable certificates of deposit	129,506	106,381
Bond issues	28,002	34,675
Subordinated debt	18,323	18,641
Redeemable subordinated debt	17,209	17,393
Undated subordinated debt	1,114	1,248
TOTAL	229,771	233,670

Redeemable subordinated debt

The redeemable subordinated debt issued by the Group is in the form of medium and long-term debt securities, equivalent to ordinary subordinated debt; these issues are redeemable prior to the contractual maturity date in the event of liquidation of the issuer, and rank after the other creditors but before holders of participating loans and participating subordinated notes.

These debt issues may contain a call provision authorising the Group to redeem the securities prior to maturity by repurchasing them in the stock market, via public tender offers, or (in the case of private placements) over the counter.

Undated subordinated debt

Undated subordinated debt consists of undated floating-rate subordinated notes (*titres subordonnés à durée indéterminée* – TSDIs), other undated subordinated notes, and undated participating subordinated notes (*titres participatifs*).

In millions of euros	31 December 2008	31 December 2007
Undated floating-rate subordinated notes (TSDIs)	780	757
Other undated subordinated notes	63	140
Undated participating subordinated notes	270	274
Issue costs and fees, accrued interest	-	77
TOTAL	1,114	1,248

Undated floating-rate subordinated notes and other undated subordinated notes

The TSDIs and other undated subordinated notes issued by BNP Paribas are redeemable on liquidation of the Bank after repayment of all other

debts but ahead of undated participating subordinated notes. They confer no rights over residual assets.

Undated floating-rate subordinated notes

The various TSDI issues are as follows:

In millions of euros					31 December 2008	31 December 2007
Issuer	Issue date	Currency	Original amount in issue currency	Rate		
Paribas SA	September 1984	USD	24 million	3-month Libor + 3/8%	17	16
BNP SA	October 1985	EUR	305 million	TMO - 0.25%	290	290
Paribas SA	July 1986	USD	165 million	3-month Libor + 1/8%	115	109
BNP SA	September 1986	USD	500 million	6-month Libor + 0.75%	358	342
TOTAL					780	757

The TSDIs issued in US dollars contain a specific call option provision, whereby they may be redeemed at par prior to maturity at the issuer's discretion at any time after a date specified in the issue particulars, after approval of the banking supervisory authorities. They are not subject to any interest step up clause. Payment of interest is obligatory, but the Board of Directors may postpone interest payments if within the twelve months preceding the interest payment date the Ordinary General Meeting of Shareholders approves a decision not to pay a dividend.

Payment of interest is obligatory on the TSDIs issued in October 1985 (representing a nominal amount of EUR 305 million), but the Board of Directors may postpone interest payments if within the twelve months

preceding the interest payment date the Ordinary General Meeting of Shareholders notes that there is no income available for distribution.

Other undated subordinated notes

The other undated subordinated notes issued by the Group in 1998 and 1999 may be redeemed at par prior to maturity on a date specified in the issue particulars, after approval of the banking supervisory authorities, and are entitled to a step up in interest from this date if the notes have not been redeemed. Payment of interest is obligatory, but the Board of Directors may postpone interest payments if within the twelve months preceding the interest payment date the Ordinary General Meeting of Shareholders Meeting approves a decision not to pay a dividend.

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In millions of euros							31 December 2008	31 December 2007
Issuer	Issue date	Currency	Original amount in issue currency	Redemption option/ interest step up date	Rate	Interest step up (basis points)		
BNP SA	April 1998	EUR	77 million	April 2008	3-month Libor + 0.70%	+150 bp	-	77
Laser	May 1999	EUR	110 million ⁽¹⁾	May 2009	5.935%	+250 bp ⁽²⁾	55	55
Others							8	8
TOTAL							63	140

⁽¹⁾ Before application of the proportionate consolidation rate.

⁽²⁾ Above the 3-month Eurolibor.

The EUR 77 million in undated notes issued in April 1998 were redeemed prior to maturity in April 2008, on the date indicated in the issue particulars.

Undated participating subordinated notes

Undated participating subordinated notes issued by the Bank between 1984 and 1988 for a total amount of EUR 337 million are redeemable only in the event of liquidation of the Bank, but may be retired on the terms specified in the law of 3 January 1983. Under this option, 325,560 notes were retired in 2004 and 2006 and 108,707 notes in March 2007 and subsequently cancelled. Payment of interest is obligatory, but the Board of Directors may postpone interest payments if the Ordinary

General Meeting of Shareholders Meeting held to approve the financial statements notes that there is no income available for distribution.

Breakdown of debt securities and subordinated debt by contractual maturity

The carrying amount of debt securities (except for negotiable certificates of deposit, recorded within "Other debt securities", regarded mostly as having a maturity of less than one year) is broken down in the table below by contractual maturity date, or in the case of undated notes, by interest uplift date (if any). All BNP Paribas debt issues are converted to floating-rate, irrespective of the benchmark rate on issue.

Maturity or call option date, in millions of euros (unless otherwise indicated)	2009	2010	2011	2012	2013	2014-2018	After 2018	Total at 31 Dec 2008
TOTAL SENIOR AND SUBORDINATED DEBT	17,778	13,843	11,385	12,719	5,865	29,407	9,268	100,265

Maturity or call option date, in millions of euros (unless otherwise indicated)	2008	2009	2010	2011	2012	2013-2017	After 2017	Total at 31 Dec 2007
TOTAL SENIOR AND SUBORDINATED DEBT	28,925	17,158	11,376	11,773	13,255	32,961	11,841	127,289

5.g HELD-TO-MATURITY FINANCIAL ASSETS

In millions of euros	31 December 2008	31 December 2007
Negotiable certificates of deposit	3,089	2,904
Treasury bills and other bills eligible for central bank refinancing	3,031	2,848
Other negotiable certificates of deposit	58	56
Bonds	10,987	11,904
Government bonds	10,733	11,564
Other bonds	254	340
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	14,076	14,808

5.h CURRENT AND DEFERRED TAXES

<i>In millions of euros</i>	31 December 2008	31 December 2007
Current taxes	2,036	1,297
Deferred taxes	4,019	1,668
Current and deferred tax assets	6,055	2,965
Current taxes	2,166	1,189
Deferred taxes	1,805	1,286
Current and deferred tax liabilities	3,971	2,475

Deferred taxes on temporary differences relate to the following items:

<i>Change in deferred taxes over the year In millions of euros</i>	Year to 31 Dec. 2008	Year to 31 Dec. 2007
NET DEFERRED TAXES AT START OF PERIOD	382	520
Profit (loss) of deferred taxes	1,264	(357)
Effect of exchange rate and other movements	568	219
NET DEFERRED TAXES AT END OF PERIOD	2,214	382

<i>Breakdown of net deferred taxes by temporary differences In millions of euros</i>	31 December 2008	31 December 2007
Provisions for employee benefit obligations	363	373
Other provisions	857	1,537
Unrealised finance lease reserve	(801)	(755)
Available-for-sale financial assets	557	(552)
Other items	1,238	(221)
NET DEFERRED TAXES	2,214	382
<i>of which</i>		
Deferred tax assets	4,019	1,668
Deferred tax liabilities	(1,805)	(1,286)

Carryforwards of tax losses accounted for EUR 1,166 million of total deferred tax assets at 31 December 2008 (EUR 478 million at 31 December 2007).

Unrecognised deferred tax assets amounted to EUR 552 million at 31 December 2008 (EUR 529 million at 31 December 2007).

5.i ACCRUED INCOME/EXPENSE AND OTHER ASSETS/LIABILITIES

<i>In millions of euros</i>	31 December 2008	31 December 2007
Guarantee deposits and bank guarantees paid	24,249	16,358
Settlement accounts related to securities transactions	25,677	16,066
Collection accounts	4,416	2,517
Reinsurers' share of technical reserves	2,226	2,554
Accrued income and prepaid expenses	5,731	3,919
Other debtors and miscellaneous assets	20,158	19,194
TOTAL ACCRUED INCOME AND OTHER ASSETS	82,457	60,608
Guarantee deposits received	31,423	16,818
Settlement accounts related to securities transactions	21,036	23,151
Collection accounts	3,362	401
Accrued expenses and deferred income	7,743	5,509
Other creditors and miscellaneous liabilities	19,870	12,936
TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES	83,434	58,815

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The movement in "Reinsurers' share of technical reserves" breaks down as follows:

<i>In millions of euros</i>	31 December 2008	31 December 2007
REINSURERS' SHARE OF TECHNICAL RESERVES AT START OF PERIOD	2,554	2,414
(Decrease) increase in technical reserves borne by reinsurers	(18)	353
Amounts received in respect of claims and benefits passed on to reinsurers	(301)	(232)
Effect of changes in exchange rates and scope of consolidation	(9)	19
REINSURERS' SHARE OF TECHNICAL RESERVES AT END OF PERIOD	2,226	2,554

5.j INVESTMENTS IN ASSOCIATES

The Group's investments in associates (companies carried under the equity method), which represent amounts in excess of EUR 100 million, are shown below:

<i>In millions of euros</i>	31 December 2008	31 December 2007
Erbe	1,121	1,396
Verner Investissement	334	334
Société de Paiement Pass	194	203
Bank of Nanjing	172	136
BNL Vita	152	179
Servicios Financieros Carrefour EFC SA	104	105
BNPP Personal Finance AED (ex Jet Finance International)	-	172
Sahara Bank LSC	-	148
Other associates	566	660
INVESTMENTS IN ASSOCIATES	2,643	3,333

The following table gives financial data for the Group's main associates:

<i>In millions of euros</i>	Financial reporting standard	Total assets	Net revenue	Net income
Erbe ⁽¹⁾	IFRS Gaap	3,138	-	210
Verner Investissement ⁽¹⁾	IFRS Gaap	8,194	495	110
Societe de Paiement Pass	French Gaap	3,106	281	70
Bank of Nanjing ⁽²⁾	Chinese Gaap	8,337	136	73
BNL Vita	Italian Gaap	9,857	1,534	(87)
Servicios Financieros Carrefour EFC SA	IFRS Gaap	1,360	149	40

⁽¹⁾ Data for full-year 2007 or at 31 December 2007.

⁽²⁾ Data for the first half of 2008 or at 30 June 2008.

5.k PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS USED IN OPERATIONS, INVESTMENT PROPERTY

In millions of euros	31 December 2008			31 December 2007		
	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount
INVESTMENT PROPERTY	11,125	(1,205)	9,920	7,738	(1,045)	6,693
Land and buildings	4,955	(998)	3,957	5,010	(925)	4,085
Equipment, furniture and fixtures	4,376	(2,583)	1,793	4,055	(2,465)	1,590
Plant and equipment leased as lessor under operating leases	10,343	(3,377)	6,966	9,367	(3,086)	6,281
Other property, plant and equipment	2,685	(594)	2,091	1,830	(621)	1,209
PROPERTY, PLANT AND EQUIPMENT	22,359	(7,552)	14,807	20,262	(7,097)	13,165
Purchased software	1,668	(1,156)	512	1,505	(1,018)	487
Internally-developed software	1,332	(815)	517	1,123	(661)	462
Other intangible assets	943	(162)	781	908	(170)	738
INTANGIBLE ASSETS	3,943	(2,133)	1,810	3,536	(1,849)	1,687

The main changes in investment property in the year to 31 December 2008 are attributable to the acquisition by Klépierre of the Steen & Strøm Group.

Investment property

Land and buildings leased by the Group as lessor under operating leases, and land and buildings held as investments in connection with life insurance business, are recorded in "Investment property".

The estimated fair value of investment property accounted for at cost at 31 December 2008 was EUR 16,437 million, compared with EUR 12,605 million at 31 December 2007.

Intangible assets

"Other intangible assets" comprise leasehold rights, goodwill and trademarks acquired by the Group.

Depreciation, amortisation and impairment

Net depreciation and amortisation expense for the year ended 31 December 2008 was EUR 1,062 million, compared with EUR 987 million for the year ended 31 December 2007.

The net increase in impairment losses on property, plant and equipment and intangible assets taken to the profit and loss account in the year ended 31 December 2008 amounted to EUR 14 million, compared with a net increase of EUR 4 million for the year ended 31 December 2007.

5.l GOODWILL

In millions of euros	Year to 31 Dec. 2008	Year to 31 Dec. 2007
CARRYING AMOUNT AT START OF PERIOD	10,244	10,162
Acquisitions	612	483
Divestments	(14)	(2)
Impairment losses recognised during the period	-	(1)
Translation adjustments	(222)	(475)
Subsidiaries previously accounted for by the equity method	302	64
Other movements	(4)	13
CARRYING AMOUNT AT END OF PERIOD	10,918	10,244
<i>In which</i>		
Gross value	10,932	10,277
Accumulated impairment recognised at the end of period	(14)	(33)

Goodwill by core business is as follows:

<i>In millions of euros</i>	Carrying amount at 31 December 2008	Carrying amount at 31 December 2007
International Retail Banking	6,659	6,108
<i>of which BancWest Corp.</i>	3,574	3,412
<i>of which Personal Finance</i>	2,003	1,559
<i>of which Equipment Solutions</i>	728	788
<i>of which UkrSibBank</i>	119	182
Italian Retail Banking (BNL bc)	1,698	1,698
Asset Management and Services	1,673	1,705
<i>of which BNP Paribas Personal Investors</i>	400	403
Corporate and Investment Banking	624	445
French Retail Banking	68	68
Other Activities	196	220
TOTAL	10,918	10,244

5.m TECHNICAL RESERVES OF INSURANCE COMPANIES

<i>In millions of euros</i>	31 December 2008	31 December 2007
Liabilities related to insurance contracts	77,465	82,471
Gross technical reserves		
- Unit-linked contracts	26,307	36,226
- Other insurance contracts	51,158	46,245
Liabilities related to financial contracts	9,049	8,014
Liabilities related to financial contracts with discretionary participation feature	9,049	8,014
Policyholders' surplus	-	2,835
TOTAL TECHNICAL RESERVES OF INSURANCE COMPANIES	86,514	93,320
Policyholders' loss reserve ⁽¹⁾	(531)	-
Liabilities related to unit-linked financial contracts ⁽²⁾	3,520	5,450
TOTAL LIABILITIES RELATED TO CONTRACTS WRITTEN BY INSURANCE COMPANIES	89,503	98,770

⁽¹⁾ The policyholders' loss reserve is included in «Accrued income and other assets» (Note 5.i).

⁽²⁾ Liabilities related to unit-linked financial contracts are included in "Due to customers" (Note 5.e).

The policyholders' surplus reserve arises from the application of shadow accounting. It represents the interest of policyholders, mainly within French life insurance subsidiaries, in unrealised gains and losses on assets where the benefit paid under the policy is linked to the return on those assets. This interest, set at 92.5% for France (95% in 2007), is an average derived from stochastic analyses of unrealised gains and losses attributable to policyholders in various scenarios.

Market conditions arising from the escalation of the financial crisis in 2008 led to the build-up of an overall unrealised net loss on portfolios classified as "Available-for-sale financial assets" and "Financial assets at fair value through profit or loss". Accordingly, a policyholders' loss reserve has been recognised as an asset in an amount of EUR 531 million. This

amount is deemed to be recoverable based on a stochastic analysis of future cash flows over 15 years and consistent assumptions as regards rates paid to customers and new business inflows. The portfolios of "Held-to-maturity financial assets" and property investments recognised at amortised cost carry an unrealised gain of EUR 1,347 million (not recognised in the consolidated balance sheet), which reflects future yields in excess of current market rates.

The amount of the policyholders' loss reserve is sensitive to trends in new business inflows and policy surrenders. The recoverable amount would be EUR 9 million less if the surrender and new business inflow assumptions were increased and decreased respectively by 10% a year.

The movement in liabilities related to insurance contracts breaks down as follows:

<i>In millions of euros</i>	Year to 31 Dec. 2008	Year to 31 Dec. 2007
LIABILITIES RELATED TO CONTRACTS AT START OF PERIOD	98,770	91,391
Additions to insurance contract technical reserves and deposits taken on financial contracts related to life insurance	7,386	13,802
Claims and benefits paid	(7,686)	(6,744)
Contracts portfolio disposals	(338)	(294)
Effect of changes in scope of consolidation	(18)	63
Effect of movements in exchange rates	(615)	(364)
Effect of changes in value of admissible investments related to unit-linked business	(7,996)	916
LIABILITIES RELATED TO CONTRACTS AT END OF PERIOD	89,503	98,770

Please refer to Note 5.i for details of reinsurers' share of technical reserves.

5.n PROVISIONS FOR CONTINGENCIES AND CHARGES

<i>In millions of euros</i>	Year to 31 Dec. 2008	Year to 31 Dec. 2007
TOTAL PROVISIONS AT START OF PERIOD	4,738	4,718
Additions to provisions	1,123	1,050
Reversals of provisions	(905)	(534)
Provisions utilised	(769)	(758)
Impact of the consolidation of Banca Nazionale del Lavoro	-	260
Effect of movements in exchange rates and other movements	201	2
TOTAL PROVISIONS AT END OF PERIOD	4,388	4,738

At 31 December 2008 and 31 December 2007, provisions for contingencies and charges mainly included provisions for post-employment benefits (Note 7.b), for impairment related to credit risks (Note 2.f), for risks on

regulated savings products and for litigation in connection with banking transactions.

► PROVISIONS FOR REGULATED SAVINGS PRODUCT RISKS

► *Deposits, loans and savings – home savings accounts (CEL) and home savings plans (PEL)*

<i>In millions of euros</i>	31 December 2008	31 December 2007
Deposits collected under home savings accounts and plans	14,366	15,995
of which deposits collected under home savings plans	11,330	12,890
<i>Aged more than 10 years</i>	3,929	4,476
<i>Aged between 4 and 10 years</i>	5,343	6,542
<i>Aged less than 4 years</i>	2,058	1,872
Outstanding loans granted under home savings accounts and plans	586	552
of which loans granted under home savings plans	161	150
Provisions recognised for home savings accounts and plans	128	135
of which home savings plans	91	97
<i>Aged more than 10 years</i>	45	51
<i>Aged between 4 and 10 years</i>	33	33
<i>Aged less than 4 years</i>	13	13

► *Change in provisions for regulated savings products*

<i>In millions of euros</i>	Year to 31 Dec. 2008		Year to 31 Dec. 2007	
	Provisions recognised - home savings plans	Provisions recognised - home savings accounts	Provisions recognised - home savings plans	Provisions recognised - home savings accounts
TOTAL PROVISIONS AT START OF PERIOD	97	38	171	45
Additions to provisions during the period	2	-	-	2
Provision reversals during the period	(8)	(1)	(74)	(9)
TOTAL PROVISIONS AT END OF PERIOD	91	37	97	38

Note 6 FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS

6.a FINANCING COMMITMENTS

Contractual value of financing commitments given and received:

<i>In millions of euros</i>	31 December 2008	31 December 2007
Financing commitments given:		
- to credit institutions	27,659	25,933
- to customers:	194,082	205,294
Confirmed letters of credit	166,127	177,907
Other commitments given to customers	27,955	27,387
TOTAL FINANCING COMMITMENTS GIVEN (NOTE 4.a)	221,741	231,227
Financing commitments received:		
- from credit institutions	124,411	100,593
- from customers	9,756	6,888
TOTAL FINANCING COMMITMENTS RECEIVED	134,167	107,481

6.b GUARANTEE COMMITMENTS

Financial instruments given and received as guarantees

Financial instruments given by the Group as guarantees of liabilities or contingent liabilities amounted to EUR 75,145 million at 31 December 2008 (EUR 43,621 million at 31 December 2007), financial instruments given by the Group as collateral in respect of notes, securities and receivables from central banks amounted to EUR 48,169 million at 31 December 2008 (EUR 7,480 million at 31 December 2007) and financial instruments given in respect of repos transactions amounted to EUR 412,848 million at 31 December 2008 (EUR 395,889 million at 31 December 2007).

Financial instruments given as guarantees by the Group which the beneficiary is authorised to sell or give as guarantees amounted to EUR 429,164 million at 31 December 2008.

Financial instruments received as guarantees by the Group which it is authorised to sell or give as guarantees amounted to EUR 42,594 million at 31 December 2008 (EUR 38,014 million at 31 December 2007). Financial instruments received in respect of repo transactions amounted to EUR 356,421 million at 31 December 2008 (EUR 341,147 million at 31 December 2007).

Financial instruments actually sold or given as guarantees amounted to EUR 309,776 million at 31 December 2008.

Guarantee commitments given

<i>In millions of euros</i>	31 December 2008	31 December 2007
Guarantee commitments given:		
to credit institutions	7,680	10,436
to customers:	77,287	80,663
- Property guarantees	1,590	2,142
- Sureties provided to tax and other authorities, other sureties	40,072	36,172
- Other guarantees	35,625	42,349
TOTAL GUARANTEE COMMITMENTS GIVEN (NOTE 4.A)	84,967	91,099

Note 7 SALARIES AND EMPLOYEE BENEFITS

7.a SALARY AND EMPLOYEE BENEFIT EXPENSES

Salary and employee benefit expenses for the year to 31 December 2008 came to EUR 10,227 million (EUR 11,105 million for the year to 31 December 2007).

Fixed and variable remuneration, incentive bonuses and profit-sharing amounted to EUR 7,275 million (EUR 8,391 million in 2007); retirement bonuses, pension costs and social security taxes to EUR 2,588 million (EUR 2,368 million in 2007); and payroll taxes to EUR 364 million (EUR 346 million in 2007).

7.b EMPLOYEE BENEFIT OBLIGATIONS

Post-employment benefits under defined-contribution plans

In France, the BNP Paribas Group pays contributions to various nationwide basic and top-up pension schemes. BNP Paribas SA and certain subsidiaries have set up a funded pension plan under a company-wide agreement. Under this plan, employees will receive an annuity on retirement in addition to the pension paid by nationwide schemes.

In the rest of the world, defined-benefit plans have been closed to new employees in most of the countries in which the Group operates (primarily the United States, Germany, Luxembourg, the United Kingdom, Ireland, Norway and Australia). These employees are now offered defined-contribution plans. Under these plans, the Group's obligation is essentially limited to paying a percentage of the employee's annual salary into the plan.

The amount paid into defined-contribution post-employment plans in France and other countries for the year to 31 December 2008 was approximately EUR 418 million (EUR 362 million for the year to 31 December 2007).

Post-employment benefits under defined-benefit plans

The legacy defined-benefit plans in France and other countries are valued independently using actuarial techniques, applying the projected unit cost method, in order to determine the expense arising from rights vested

in employees and benefits payable to retired employees. The demographic and financial assumptions used to estimate the present value of these obligations and of plan assets take account of economic conditions specific to each country and Group company. Actuarial gains and losses outside the permitted 10% "corridor" are amortised; these gains and losses are calculated separately for each defined-benefit plan.

Provisions set up to cover obligations under defined-benefit post-employment plans at 31 December 2008 totalled EUR 1,365 million (EUR 1,391 million at 31 December 2007), comprising EUR 561 million for French plans and EUR 804 million for other plans.

Pension plans and other post-employment benefits

Pension plans

In France, BNP Paribas pays a top-up banking industry pension arising from rights acquired to 31 December 1993 by ex-employees in retirement at that date and active employees in service at that date. The residual pension obligations are covered by a provision in the consolidated financial statements or transferred to an insurance company outside the Group.

The defined-benefit plans previously granted to Group executives formerly employed by BNP, Paribas or Compagnie Bancaire have all been closed and converted into top-up type schemes. The amounts allocated to the beneficiaries, subject to their still being with the Group at retirement, were fixed when the previous schemes were closed. These pension plans have been contracted out to insurance companies. The fair value of the related plan assets in these companies' balance sheets breaks down as 83% bonds, 8% equities and 9% property assets.

In other countries, pension plans are based either on pensions linked to the employee's final salary and length of service (United Kingdom), or on annual vesting of rights to a capital sum expressed as a percentage of annual salary and paying interest at a pre-defined rate (United States). Some plans are top-up schemes linked to statutory pensions (Norway). Some plans are managed by an insurance company (Spain), a foundation (Switzerland) or by independent fund managers (United Kingdom). At 31 December 2008, 86% of the gross obligations under these plans concerned some twenty plans in the United Kingdom, the United States and Switzerland. The fair value of the related plan assets was split as follows: 34% equities, 47% bonds, 19% other financial instruments.

Other post-employment benefits

Group employees also receive various other contractual post-employment benefits such as bonuses payable on retirement. BNP Paribas' obligations for these bonuses in France are funded through a contract taken out with a third-party insurer. In other countries, the bulk of the Group's

obligations are in Italy (82%), where pension reforms changed Italian termination indemnity schemes (TFR) into defined-contribution plans with effect from 1 January 2007. Rights vested up to 31 December 2006 continue to be classified as defined benefit obligations.

The tables below provide details relating to the Group's obligations for both pensions and other post-employment benefits:

► **RECONCILIATION OF ASSETS AND LIABILITIES RECOGNISED IN THE BALANCE SHEET**

<i>In millions of euros</i>	31 December 2008	31 December 2007
Present value of obligation	4,189	4,047
Present value of obligations wholly or partially funded by plan assets	3,323	3,156
Present value of unfunded obligations	866	891
Fair value of plan assets	(2,129)	(2,474)
Fair value of surplus assets	(76)	(68)
Fair value of segregated assets ⁽¹⁾	(15)	(14)
Cost not yet recognised in accordance with IAS 19	(751)	(280)
Past service cost	(193)	(245)
Net actuarial losses/gains	(558)	(35)
Other amounts recognised in the balance sheet	5	50
NET OBLIGATION RECOGNISED IN THE BALANCE SHEET FOR DEFINED-BENEFIT PLANS	1,223	1,261

⁽¹⁾ Segregated assets are ring-fenced assets held in the balance sheets of Group insurance companies to cover post-employment benefit obligations transferred to the insurance companies for certain categories of employees of other Group entities.

► **MOVEMENTS IN THE PRESENT VALUE OF THE OBLIGATION AND SURPLUS ASSETS**

<i>In millions of euros</i>	31 December 2008	31 December 2007
PRESENT VALUE OF OBLIGATION AT START OF PERIOD	3,979	3,814
<i>Gross present value of obligation at start of period</i>	4,047	3,884
<i>Fair value of surplus assets at start of period</i>	(68)	(70)
Service cost for the period	149	117
Expense arising on discounting of the obligation	181	166
Effect of plan amendments	(40)	192
Effect of plan curtailments or settlements	16	(80)
Net actuarial gains and losses	240	(117)
Contributions by plan participants	11	11
Benefits paid	(285)	(205)
Effect of movements in exchange rates	(117)	(120)
Effect of changes in scope of consolidation	(3)	222
Other movements	(18)	(21)
PRESENT VALUE OF OBLIGATION AT END OF PERIOD	4,113	3,979
<i>Gross present value of obligation at end of period</i>	4,189	4,047
<i>Fair value of surplus assets at end of period</i>	(76)	(68)

► MOVEMENTS IN THE FAIR VALUE OF PLAN ASSETS AND SEGREGATED ASSETS

<i>In millions of euros</i>	31 December 2008	31 December 2007
FAIR VALUE OF ASSETS AT START OF PERIOD	2,488	2,225
<i>Fair value of plan assets at start of period</i>	2,474	2,213
<i>Fair value of segregated assets at start of period</i>	14	12
Expected return on plan assets	119	123
Effect of plan curtailments or settlements	(2)	(1)
Net actuarial gains and losses	(327)	15
Contributions by plan participants	11	11
BNP Paribas contributions to plan assets	81	122
Benefits paid to recipients of funded benefits	(139)	(120)
Effect of movements in exchange rates	(83)	(105)
Effect of changes in scope of consolidation	1	218
Other movements	(5)	-
FAIR VALUE OF ASSETS AT END OF PERIOD	2,144	2,488
<i>Fair value of plan assets at end of period</i>	2,129	2,474
<i>Fair value of segregated assets at end of period</i>	15	14

► COMPONENTS OF PENSION COST

<i>In millions of euros</i>	Year to 31 Dec. 2008	Year to 31 Dec. 2007
Service cost for the period	149	117
Expense arising on discounting of the obligation	181	166
Expected return on plan assets	(119)	(123)
Amortisation of actuarial gains and losses	1	4
Amortisation of past service cost	11	3
Effect of plan curtailments or settlements	18	(77)
TOTAL EXPENSE RECORDED IN «SALARY AND EMPLOYEE BENEFIT EXPENSES»	241	90

► MAIN ACTUARIAL ASSUMPTIONS USED IN EMPLOYEE BENEFIT CALCULATIONS AT THE BALANCE SHEET DATE

<i>In %</i>	31 December 2008				31 December 2007			
	France	Euro zone excl. France	UK	USA	France	Euro zone excl. France	UK	USA
Discounting rate	3.11%- 4.05%	2.75%- 4.19%	4.50%	6.00%	4.11%- 4.60%	4.15%- 4.70%	5.69%	6.00%
Future rate of salary increases	3.00%- 5.00%	2.00%- 4.00%	3.50%- 4.40%	4.00%	2.50%- 5.00%	2.00%- 5.00%	4.30%- 4.75%	4.00%- 5.00%

► EFFECTIVE RATE OF RETURN ON PLAN ASSETS DURING THE YEAR

<i>In %</i>	Year to 31 Dec. 2008				Year to 31 Dec. 2007			
	France	Euro zone excl. France	UK	USA	France	Euro zone excl. France	UK	USA
Expected return on plan assets ⁽¹⁾	4.20%	3.25%- 5.15%	4.50%- 6.60%	6.00%- 7.00%	4.20%	2.00%- 6.90%	4.80%- 7.30%	6.50%- 8.25%
Actual return on plan assets ⁽¹⁾	4.00%- 4.15%	(33.00)%- 0.00%	(20.00)%- (1.38)%	(32.00)%- (15.60)%	4.50%- 4.70%	3.00%- 6.00%	6.00%- 9.00%	5.00%- 12.00%

⁽¹⁾ Range of values, reflecting the existence of several plans within a single country or zone.

In France, actuarial losses arising in 2008 increased the value of the Group's net obligation by approximately EUR 110 million. These losses were mainly due to updating the assumptions used for calculating employee benefits and particularly the discount rate and future rate of salary increases.

In other countries, actuarial losses arising in 2008 increased the value of the Group's net obligation by approximately EUR 456 million, due to a decline in the rate of return on plan assets (EUR 430 million) and to updating the assumptions used for calculating employee benefits.

Post-employment healthcare plans

In France, BNP Paribas no longer has any obligations in relation to healthcare benefits for its retired employees.

Several healthcare benefit plans for retired employees exist in other countries, mainly in the United States. Provisions for obligations under these plans at 31 December 2008 amounted to EUR 51 million (EUR 48 million at 31 December 2007).

Obligations under post-employment healthcare benefit plans are measured using the mortality tables applicable in each country. They also build in assumptions about healthcare benefit costs, including forecast trends in the cost of healthcare services and in inflation, which are derived from historical data.

Termination benefits

In France, BNP Paribas is encouraging voluntary redundancy among employees who meet certain eligibility criteria. The obligations to eligible active employees under such plans are provided for where the plan is the subject of an agreement or a draft bilateral agreement. The plans currently in force mainly concern BNP Paribas French operations, BNP Paribas Personal Finance and BNP Paribas Lease Group in France, and BNL in other countries.

Provisions for voluntary redundancy and early retirement plans amounted to EUR 150 million at 31 December 2008 (EUR 264 million at 31 December 2007), including EUR 108 million related to the Group's operations outside France (EUR 171 million at 31 December 2007) and EUR 42 million in France.

On 16 December 2008, the BNP Paribas Group announced a review of its operations that could lead to about a 5% reduction in CIB staff numbers worldwide, following the losses incurred by this division in the final quarter of 2008.

Restructuring provisions have already been taken in the United Kingdom (EUR 10 million), the United States (EUR 5 million) and Hong Kong (EUR 3 million).

7.c SHARE-BASED PAYMENT

Share-based loyalty and incentive schemes

BNP Paribas has set up share-based payment systems for certain employees, including stock option and share award plans implemented as part of loyalty schemes and a Global Share-Based Incentive Plan.

Loyalty schemes

As part of the Group's variable remuneration policy, certain high-performing or newly-recruited employees are offered a loyalty bonus scheme, entitling them to specific share-based remuneration (in the form of shares or cash payments indexed to the BNP Paribas share price), payable over several years, and subject to the condition that the employees remain within the Group. Under IFRS 2, these plans are recognised as an expense over the vesting period of the rights. The expense recognised in the year to 31 December 2008 related to awards made between 2005 and 2008.

Global Share-Based Incentive Plan

Until 2005, various stock option plans were granted to Group employees by BNP, by Paribas and its subsidiaries, and subsequently by BNP Paribas, under successive authorisations given by Extraordinary Shareholders' Meetings.

Since 2005, the Group has set up stock option plans on an annual basis with a view to actively involving various categories of managers in creating value for the Group, and thereby encouraging the convergence of their interests with those of the Group's shareholders. The managers selected for these plans represent the Group's best talent, including the next generation of leaders: senior managers, managers in key positions, line managers and technical experts, high-potential managers, high-performing young managers with good career development prospects, and major contributors to the Group's results.

The option exercise price under these plans is determined at the time of issue in accordance with the terms of the authorisation given by the corresponding Extraordinary Shareholders' Meeting. No discount is offered. Since the 2005 plan, the life of the options granted has been reduced to 8 years.

The plans are subject to vesting conditions under which a portion (30%) of the options granted over and above a minimum threshold of 3,000 options is conditional upon the performance of the BNP Paribas share relative to the Dow Jones Euro Stoxx Bank index. This relative performance is measured at the end of the second, third and fourth years of the compulsory holding period and, at each measurement date, applies to one third of the options subject to the performance condition.

The performance of the BNP Paribas share relative to the index is determined by comparing (i) the percentage ratio between the average of the opening prices of the BNP Paribas share in each compulsory holding year and the average of the opening prices in the previous compulsory holding year, with (ii) the percentage ratio between the average of the opening prices of the index in the same periods.

If the BNP Paribas share outperforms the index, the exercise price of the corresponding portion of options remains unchanged. If it underperforms the index by 20 points or more, the options subject to the performance condition will lapse and may no longer be exercised.

If the BNP Paribas share underperforms the index by less than 5 points, by 5 to less than 10 points, or by 10 to less than 20 points, the initial exercise price of the relevant portion of the options will be increased by 5%, 10% or 20% respectively.

Under stock option plans set up since 2003, the performance condition was not fully met on six of nine occasions and the adjustments described above were therefore implemented.

In 2006, BNP Paribas used the authorisations granted by the Extraordinary Shareholders' Meeting of 18 May 2005 to set up a Global Share-Based Incentive Plan for the above-mentioned employee categories, which consists of stock options with share awards. Under this plan, senior managers and corporate officers are exclusively granted stock options, whereas managers in key positions receive both stock options and share awards. High-potential managers and major contributors are exclusively granted share awards.

Employees' rights under share awards made until 2008 vest after a period of 2 or 3 years depending on the case and provided the employee is still a member of the Group. The compulsory holding period for the shares granted free of consideration is two years. Share awards were only made to Group employees in France.

Expense for the year

The expense recognised in the year to 31 December 2008 in respect of all the plans granted amounted to EUR 116 million (EUR 107 million in the year to 31 December 2007).

<i>In millions of euros</i>				2008	2007
	Stock option plans	Share award plans	Other plans	Total expense	Total expense
Loyalty schemes			13	13	19
Global Share-Based Incentive Plan	50	53		103	88
TOTAL	50	53	13	116	107

The performance condition is met if the Group's earnings per share increase by 5% or more compared with the previous year and, if not, it depends on the BNP Paribas share's performance relative to the Dow Jones Euro Stoxx Bank index, measured by comparing (i) the percentage ratio between the average of the opening prices of the BNP Paribas share in each relevant year and the average of the opening prices in the previous year, with (ii) the percentage ratio between the average of the opening prices of the index in the same periods.

If this condition is not met, the relevant portion of the share awards will become null and void.

All unexpired plans involve potential settlement in BNP Paribas shares.

Description of the plans

The tables below give details of the characteristics and terms of all unexpired plans at 31 December 2008:

► STOCK SUBSCRIPTION OPTION PLANS

Characteristics of the plan							Options outstanding at end of period	
Originating company	Date of grant	Number of grantees	Number of options granted ⁽¹⁾	Start date of exercise period	Option expiry date	Adjusted exercise price (in euros) ⁽⁶⁾	Number of options	Remaining period until expiry of options (years)
BNP ⁽¹⁾	03/05/1999	112	670,000	04/05/2004	03/05/2009	37.31	52,586	1
BNL ⁽⁶⁾	13/09/1999	137	614,763	13/09/2001	13/09/2011	82.05	428,647	3
BNP ^{(1) (4)}	22/12/1999	642	5,064,000	23/12/2004	22/12/2009	44.77	1,478,811	1
BNP ^{(1) (4)}	07/04/2000	1,214	1,754,200	08/04/2005	07/04/2010	42.13	350,336	2
BNL ⁽⁶⁾	20/10/2000	161	504,926	20/10/2003	20/10/2013	103.55	465,154	5
BNP Paribas SA ^{(1) (2)}	15/05/2001	932	6,069,000	15/05/2005	14/05/2011	48.57	2,900,350	3
BNL ⁽⁶⁾	26/10/2001	223	573,250	26/10/2004	26/10/2014	63.45	4,740	6
BNL ⁽⁶⁾	26/10/2001	153	479,685	26/10/2004	26/10/2012	63.45	2,074	4
BNP Paribas SA ⁽²⁾	31/05/2002	1,384	2,158,570	31/05/2006	30/05/2012	59.48	1,035,408	4
BNP Paribas SA ⁽³⁾	21/03/2003	1,302	6,693,000	21/03/2007	20/03/2013	36.78	3,446,670	5
BNP Paribas SA ⁽³⁾	24/03/2004	1,458	1,779,850	24/03/2008	21/03/2014	49.36	1,402,831	6
BNP Paribas SA ⁽³⁾	25/03/2005	2,380	4,332,550	25/03/2009	22/03/2013	54.62	4,133,709	5
BNP Paribas SA ⁽³⁾	05/04/2006	2,583	3,894,770	06/04/2010	04/04/2014	75.25	3,707,890	6
BNP Paribas SA ⁽³⁾	08/03/2007	2,023	3,630,165	08/03/2011	06/03/2015	82.70	3,554,690	7
BNP Paribas SA ⁽³⁾	06/04/2007	219	405,680	06/04/2011	03/04/2015	78.50	392,905	7
BNP Paribas SA ⁽³⁾	18/04/2008	2,402	3,985,590	18/04/2012	15/04/2016	66.10	3,945,590	8
TOTAL OPTIONS OUTSTANDING AT END OF PERIOD							27,302,391	

⁽¹⁾ The number of options and the exercise price have been adjusted for the two-for-one BNP Paribas share split that took place on 20 February 2002.

⁽²⁾ These options were subject to vesting conditions related to the financial performance of the Group as measured by the ratio of net income to average shareholders' equity for the year in question. The minimum requirement is an average ratio of 16% over four years starting in the year of grant, or alternatively over three rolling years starting in the second year after the year of grant. This condition has been met for the plans concerned.

⁽³⁾ The plan is subject to vesting conditions under which a proportion of the options granted to employees is conditional upon the performance of the BNP Paribas share relative to the Dow Jones Euro Stoxx Bank index during the applicable holding period.

Based on this relative performance condition, the adjusted exercise price for these options has been set at:

- EUR 38.62 for 404,649 options under the 21 March 2003 plan, outstanding at the year-end.
- EUR 51.83 for 3,028 options under the 24 March 2004 plan, outstanding at the year-end.
- EUR 57.40 for 171,460 options under the 25 March 2005 plan, outstanding at the year-end.
- EUR 79.00 for 164,106 options under the 5 April 2006 plan, outstanding at the year-end.

⁽⁴⁾ Plans granted to employees of the two pre-merger groups, BNP and Paribas. The options vested only in the event that no payments were due in respect of the Contingent Value Rights Certificates attached to the shares issued at the time of the merger. This condition has been met for the two plans concerned.

⁽⁵⁾ The exercise prices for options granted under plans prior to 31 March 2006, as well as the number of options outstanding at that date have been adjusted in accordance with the applicable regulations in order to take into account the issue of a preferential subscription right on 7 March 2006.

⁽⁶⁾ Following the merger between BNL and BNP Paribas on 1 October 2007, stock option plans granted by BNL between 1999 and 2001 entitle beneficiaries to subscribe to BNP Paribas shares as of the date of the merger. Beneficiaries may subscribe to the shares based on a ratio of 1 BNP Paribas share for 27 BNL shares. The exercise price has been adjusted in line with this ratio.

► **SHARE AWARD PLANS**

Characteristics of the plan						Number of shares outstanding at end of period
Originating company	Date of grant	Number of grantees	Number of shares granted	Vesting date of share granted	Expiry date of holding period for shares granted	
BNP Paribas SA ⁽¹⁾	05/04/2006	2,034	544,370	07/04/2008	07/04/2010	805
BNP Paribas SA	05/04/2006	253	64,281	06/04/2009	06/04/2011	60,189
BNP Paribas SA	08/03/2007	2,145	834,110	09/03/2009	09/03/2011	818,070
BNP Paribas SA	08/03/2007	327	76,813	28/06/2010	28/06/2012	75,032
BNP Paribas SA	18/04/2008	2,124	820,890	19/04/2010	19/04/2012	819,090
TOTAL SHARES OUTSTANDING AT END OF PERIOD						1,773,186

⁽¹⁾ The vesting date for 805 shares has been deferred due to the beneficiaries' absence on the date initially scheduled.

The twenty-first resolution passed by the Shareholders' General Meeting of 21 May 2008 introduced the principle of making share awards contingent upon a performance condition. The Board of Directors will

set the applicable performance conditions as of the next proposed share award plan.

Movements over the past two years

► **STOCK SUBSCRIPTION OPTION PLANS**

	2008		2007	
	Number of options	Weighted average exercise price (euros)	Number of options	Weighted average exercise price (euros)
OPTIONS OUTSTANDING AT 1 JANUARY	24,648,283	59.07	24,474,326	50.63
Options granted during the period	3,985,590	66.10	4,035,845	82.28
Options arising from the conversion of BNL plans into BNP Paribas shares			989,317	
Options exercised during the period	(1,040,223)	65.23	(4,488,732)	40.86
Options expired during the period	(291,259)		(362,473)	
OPTIONS OUTSTANDING AT 31 DECEMBER	27,302,391	59.60	24,648,283	59.07
OPTIONS EXERCISABLE AT 31 DECEMBER	10,666,992	45.20	10,154,176	44.16

The average quoted stock market price for the option exercise period in 2008 was EUR 42.08 (EUR 81.52 in 2007).

► **SHARE AWARD PLANS**

	2008	2007
	Number of shares	Number of shares
SHARES OUTSTANDING AT 1 JANUARY	1,483,630	595,669
Shares granted during the period	820,890	910,923
Shares vested during the period	(524,208)	(463)
Shares expired during the period	(7,126)	(22,499)
SHARES OUTSTANDING AT 31 DECEMBER	1,773,186	1,483,630

Value attributed to stock options and share awards

As required under IFRS 2, BNP Paribas attributes a value to stock options and share awards granted to employees and recognises an expense, determined at the date of grant, calculated on the basis of the fair value of the options and shares concerned. This initial fair value may not subsequently be adjusted for changes in the quoted market price of

BNP Paribas shares. The only assumptions that may result in a revision to fair value during the vesting period, and hence to an adjustment in the expense, are those related to the population of grantees (loss of rights). The Group's share-based payment plans are valued by an independent specialist firm.

Measurement of stock subscription options

Binomial or trinomial tree algorithms are used to build in the possibility of non-optimal exercise of options from the vesting date. The Monte Carlo method is used to price in the characteristics of certain secondary grants linking options to the performance of the BNP Paribas share relative to a sector index.

The implied volatility used in measuring stock option plans is estimated on the basis of a range of ratings prepared by various dealing rooms. The level of volatility used by the Group takes account of historical

volatility trends for the benchmark index and BNP Paribas shares over a 10-year period.

Stock subscription options granted on 18 April 2008 were valued at EUR 17.32 and EUR 15.35 depending on whether or not they are subject to performance conditions (compared with EUR 14.57 and EUR 12.90, respectively, for stock subscription options granted on 8 March 2007 and EUR 16.68 and EUR 14.47, respectively, for stock subscription options granted on 6 April 2007).

	Year to 31 Dec. 2008	Year to 31 Dec. 2007	
	18 April 2008 Plan	8 March 2007 Plan	6 April 2007 Plan
BNP Paribas share price on the grant date (in euros)	67.98	79.31	80.60
Option exercise price (in euros)	66.10	82.70	75.50
Implied volatility of BNP Paribas shares	29.5%	23.3%	23.3%
Expected option holding period	8 years	7 years	7 years
Expected dividend on BNP Paribas shares ⁽¹⁾	4.0%	4.0%	4.0%
Risk-free interest rate	4.5%	4.1%	4.3%
Expected proportion of options that will be forfeited	1.5%	1.5%	1.5%

⁽¹⁾ The dividend rate shown above is an average of the estimated annual dividends over the life of the option.

Measurement of share awards

The unit value used to measure shares awarded free of consideration is the value at the end of the compulsory holding period plus dividends paid since the date of acquisition, discounted at the grant date.

The value of shares awarded free of consideration by BNP Paribas on 18 April 2008 was EUR 60.94 (EUR 72.43 for the shares whose holding period expires on 10 March 2011, and EUR 65.48 for shares whose holding period expires on 29 June 2012).

Shares subscribed or purchased by employees under the Company Savings Plan

	Year to 31 Dec. 2008	Year to 31 Dec. 2007
Date plan announced	13 May 2008	15 May 2007
Quoted price of BNP Paribas shares at date plan announced (in euros)	67.75	92.77
Number of shares issued or transferred	5,360,439	5,971,476
Purchase or subscription price (in euros)	54.90	69.20
Five-year risk-free interest rate	4.20%	4.16%
Five-year borrowing cost	8.00%	8.00%
Borrowing cost during the holding period	16.40%	16.56%

The Group did not recognise an expense in relation to the Company Savings Plan as the discount granted to employees subscribing or purchasing shares under this plan does not represent a financial expense for BNP Paribas when valued taking into account the five-year

compulsory holding period applicable to the shares purchased. Of the total number of BNP Paribas Group employees who were offered the opportunity of buying shares under the Plan in 2007, 44% accepted the offer and 56% turned it down.

Note 8 ADDITIONAL INFORMATION

8.a CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

Use in 2008 of authorisations granted under resolutions voted in Shareholders' General Meetings

The following authorisations to increase or reduce the share capital have been granted to the Board of Directors under resolutions voted in General Shareholders' Meetings and were valid during 2008:

Shareholders' General Meeting at which authorisation was granted to the Board of Directors	Use of authorisation made during 2008
Shareholders' General Meeting of 23 May 2006 (22nd resolution) Authorisation to increase the share capital by issuing shares reserved for members of the BNP Paribas Group's Corporate Savings Plan <i>Authorisation to increase the share capital on one or more occasions up to a maximum amount of EUR 36 million, without pre-emptive rights. This authorisation was granted for a period of 26 months.</i>	5,360,439 new shares issued with a par value of EUR 2, duly placed on record on 31 July 2008
Shareholders' General Meeting of 15 May 2007 (10th resolution) Pursuant to the law of 30 December 2006 on the development of employee share ownership, revision of the twenty second resolution passed at the Shareholders' General Meeting of 23 May 2006 authorising the Board of Directors to increase the share capital by issuing shares reserved for members of the BNP Paribas Corporate Savings Plan. <i>The transactions authorised by this resolution may also take the form of sales of shares to members of the BNP Paribas Group's Corporate Savings Plan.</i>	-
Shareholders' General Meeting of 21 May 2008 (20th resolution) Authorisation to carry out transactions reserved for members of the BNP Paribas Group's Corporate Savings Plan in the form of new share issues and/or sales of reserved shares <i>Authorisation to increase the share capital within the limit of a maximum par value of EUR 36 million on one or more occasions by issuing shares without pre-emptive rights reserved for members of the BNP Paribas Group's Corporate Savings Plan. The transactions authorised by this resolution may also take the form of sales of shares to members of the BNP Paribas Group's Corporate Savings Plan. This authorisation was granted for a period of 26 months.</i>	This authorisation was not used during the year
Shareholders' General Meeting of 18 May 2005 (14th resolution) Authorisation to grant stock subscription or purchase options to corporate officers and certain employees <i>The number of shares granted may not exceed 1.5% of the share capital, i.e. less than 0.5% a year. This authorisation was granted for a period of 38 months.</i>	3,985,590 stock subscription options granted at the Board meeting of 19 March 2008
Shareholders' General Meeting of 18 May 2005 (15th resolution) Authorisation to award shares for no consideration to employees and corporate officers of BNP Paribas and related companies <i>The shares awarded may be existing shares or new shares to be issued and may not exceed 1.5% of the share capital, i.e. less than 0.5% a year. This authorisation was granted for a period of 38 months.</i>	820,890 shares awarded at the Board meeting of 19 March 2008
Shareholders' General Meeting of 15 May 2007 (9th resolution) Pursuant to the law of 30 December 2006 on the development of employee share ownership, revision of the fifteenth resolution passed at the Shareholders' General Meeting of 18 May 2005 authorising the Board of Directors to award shares for no consideration to employees and corporate officers of BNP Paribas and related companies. <i>This revision introduces an early end to the vesting and compulsory holding periods in the event of the beneficiary's incapacity, subject to meeting the various legal conditions.</i>	-
Shareholders' General Meeting of 21 May 2008 (21st resolution) Authorisation to award shares for no consideration to employees and corporate officers of BNP Paribas and related companies <i>The shares awarded may be existing shares or new shares to be issued and may not exceed 1.5% of the share capital, i.e. less than 0.5% a year. This authorisation was granted for a period of 38 months.</i>	This authorisation was not used during the year

Shareholders' General Meeting at which authorisation was granted to the Board of Directors		Use of authorisation made during 2008
Shareholders' General Meeting of 21 May 2008 (22nd resolution)	<p>Authorisation to grant stock subscription or purchase options to corporate officers and certain employees</p> <p><i>The number of options granted may not exceed 3% of the share capital, i.e. less than 1% a year. This limit is global, common to 21st and 22nd resolutions. This authorisation was granted for a period of 38 months.</i></p>	This authorisation was not used during the year
Shareholders' General Meeting of 21 May 2008 (13th resolution)	<p>Authorisation to issue ordinary shares and share equivalents with pre-emptive rights.</p> <p><i>The par value of the capital increases that may be carried out immediately and/or in the future by virtue of this authorisation may not exceed EUR 1 billion (representing 500 million shares).</i></p> <p><i>The par value of any debt instruments giving access to the capital of BNP Paribas that may be issued by virtue of this authorisation may not exceed EUR 10 billion. This authorisation was granted for a period of 26 months.</i></p>	This authorisation was not used during the year
Shareholders' General Meeting of 21 May 2008 (14th resolution)	<p>Authorisation to issue ordinary shares and share equivalents without pre-emptive rights but with a priority period.</p> <p><i>The par value of the capital increases that may be carried out immediately and/or in the future by virtue of this authorisation may not exceed EUR 350 million (representing 175 million shares).</i></p> <p><i>The par value of any debt instruments giving access to the capital of BNP Paribas that may be issued by virtue of this authorisation may not exceed EUR 7 billion. This authorisation was granted for a period of 26 months.</i></p>	This authorisation was not used during the year
Shareholders' General Meeting of 21 May 2008 (15th resolution)	<p>Authorisation to issue, without pre-emptive rights, ordinary shares and share equivalents in consideration for securities tendered to public exchange offers.</p> <p><i>The par value of the capital increases that may be carried out on one or more occasions by virtue of this authorisation may not exceed EUR 250 million (representing 125 million shares). This authorisation was granted for a period of 26 months.</i></p>	This authorisation was not used during the year
Shareholders' General Meeting of 21 May 2008 (16th resolution)	<p>Authorisation to issue, without pre-emptive rights, ordinary shares and share equivalents in consideration for securities tendered to contributions of unlisted shares (up to a maximum of 10% of the capital).</p> <p><i>The par value of the capital increases that may be carried out on one or more occasions by virtue of this authorisation may not exceed 10% of the number of shares comprising the share capital of BNP Paribas. This authorisation was granted for a period of 26 months.</i></p>	This authorisation was not used during the year
Shareholders' General Meeting of 21 May 2008 (17th resolution)	<p>Blanket limit on issues without pre-emptive rights.</p> <p><i>The maximum par value of all issues without pre-emptive rights made by virtue of the authorisations granted under the fourteenth, fifteenth and sixteenth resolutions above may not exceed EUR 350 million for shares and EUR 7 billion for debt instruments.</i></p>	-
Shareholders' General Meeting of 21 May 2008 (18th resolution)	<p>Authorisation to increase the share capital by capitalising retained earnings, profits or additional paid-in capital.</p> <p><i>Authorisation to increase the share capital within the limit of a maximum par value of EUR 1 billion on one or more occasions, by capitalising all or part of the retained earnings, profits or additional paid-in capital, successively or simultaneously, through the creation and award of free shares, through an increase in the par value of existing shares, or through a combination of these two methods. This authorisation was granted for a period of 26 months.</i></p>	This authorisation was not used during the year

Shareholders' General Meeting at which authorisation was granted to the Board of Directors		Use of authorisation made during 2008
Shareholders' General Meeting of 21 May 2008 (19th resolution)	Blanket limit on all issues, with or without pre-emptive rights. <i>This resolution limits the overall amount of issues with or without pre-emptive rights that may be carried out by virtue of the authorisations granted under the thirteenth, fourteenth, fifteenth and sixteenth resolutions above. Accordingly, the maximum par value of issues that may be carried out immediately and/or in the future, is set at EUR 1 billion for shares and EUR 10 billion for debt instruments.</i>	-
Shareholders' General Meeting of 21 May 2008 (23rd resolution)	Authorisation to reduce the share capital by cancelling shares <i>Authorisation to cancel, on one or more occasions, some or all of the BNP Paribas shares that the Bank may hold by virtue of said authorisation, provided that the total number of shares cancelled in any 24-month period does not exceed 10% of the total number of shares outstanding. Power to complete the capital reduction and deduct the difference between the purchase cost of the cancelled shares and their par value from additional paid-in capital and reserves available for distribution, with an amount corresponding to 10% of the capital reduction being deducted from the legal reserve. This authorisation was granted for a period of 18 months.</i>	This authorisation was not used during the year

Operations affecting share capital

Operations affecting share capital	Number of shares	Par value in euros	in €	Date of authorisation by Shareholders' Meeting	Date of decision by Board of Directors	Date from which shares carry dividend rights
Number of shares outstanding at 31 December 2006	930,467,477	2	1,860,934,954			
Increase in share capital by exercise of stock subscription options	5,647,059	2	11,294,118	(1)	(1)	01 January 06
Increase in share capital by exercise of stock subscription options	817,549	2	1,635,098	(1)	(1)	01 January 07
Increase in capital resulting from the merger with BNL	439,358	2	878,716	15 May 07	31 July 07	01 January 07
Decrease in share capital through the cancellation of treasury shares	(32,111,135)	2	(64,222,270)	15 May 07	31 July 07	-
Number of shares outstanding at 31 December 2007	905,260,308	2	1,810,520,616			
Increase in share capital by exercise of stock subscription options	1,115,091	2	2,230,182	(1)	(1)	01 January 07
Increase in share capital by exercise of stock subscription options	360,269	2	720,538	(1)	(1)	01 January 08
Capital increase reserved for members of the Company Savings Plan	5,360,439	2	10,720,878	23 May 06	13 May 08	01 January 08
Number of shares outstanding at 31 December 2008	912,096,107	2	1,824,192,214			

(1) Various resolutions voted in Shareholders' General Meetings and decisions of the Board of Directors authorising the granting of stock subscription options that were exercised during the period.

Own equity instruments (shares issued by BNP Paribas and held by the Group)

The 5th resolution of the Shareholders' General Meeting of 15 May 2007 authorised BNP Paribas to buy back shares representing up to 10% of the Bank's issued capital at a maximum purchase price of EUR 105. The shares could be acquired for the following purposes: for subsequent cancellation, to fulfil the Bank's obligations relative to the issue of shares or share equivalents, stock option plans, the award of consideration-free shares to employees, directors or corporate officers, and the allocation or sale of shares to employees in connection with the employee profit-sharing scheme, employee share ownership plans or corporate savings plans; to be held in treasury stock for subsequent remittance in exchange or payment for external growth transactions; within the scope of a liquidity agreement; or for asset and financial management purposes.

At 31 December 2008, the Group held 3,998,016 BNP Paribas shares representing an amount of EUR 301 million, deducted from shareholders' equity in the balance sheet.

This authorisation, which was given for a period of 18 months, was cancelled and replaced by the authorisation granted under the 5th resolution of the Shareholders' General Meeting of 21 May 2008, which authorised the Board of Directors to buy back shares representing up to 10% of the Bank's issued capital for the same purposes as under the 5th resolution of the Shareholders' General Meeting of 15 May 2007, but at a maximum purchase price of EUR 100 per share. This latter authorisation was granted for a period of 18 months.

In addition, a BNP Paribas subsidiary involved in market index trading and arbitrage activities short sells shares issued by BNP Paribas SA in the scope of its activities.

Own equity instruments (shares issued by BNP Paribas and held by the Group)	Proprietary transactions		Trading account transactions		Total	
	Number of shares	Carrying amount (in millions of euros)	Number of shares	Carrying amount (in millions of euros)	Number of shares	Carrying amount (in millions of euros)
Shares held at 31 December 2006	19,245,508	1,292	5,966,401	494	25,211,909	1,786
Acquisitions	26,776,958	2,223			26,776,958	2,223
Reduction in share capital	(32,111,135)	(2,428)			(32,111,135)	(2,428)
Shares delivered to employees	(6,971,945)	(568)			(6,971,945)	(568)
Other movements	2,196,728	111	(6,129,863)	(505)	(3,933,135)	(394)
Shares held at 31 December 2007	9,136,114	630	(163,462)	(11)	8,972,652	619
Acquisitions	1,304,072	91			1,304,072	91
Shares delivered to employees	(802,472)	(54)			(802,472)	(54)
Shares delivery for Banco BGN purchase	(3,646,292)	(288)			(3,646,292)	(288)
Other movements	(542,574)	(34)	(1,287,370)	(33)	(1,829,944)	(67)
Shares held at 31 December 2008	5,448,848	345	(1,450,832)	(44)	3,998,016	301

In 2008, under the aforementioned authorisations, BNP Paribas SA bought back 600,000 of its own shares on the market, outside a market-making agreement, at an average share price of EUR 68.58 (shares with a par value of EUR 2). This share buyback was carried out to meet the Bank's obligations related to the issue of shares or share equivalents, stock option plans, share awards to employees and corporate officers, and the allocation or sale of shares to employees in connection with the employee profit-sharing scheme, employee share ownership plans, or corporate savings plans. These shares were then classified as shares to be cancelled.

BNP Paribas SA also bought back 40,662 of its own shares on the market, outside a market-making agreement, at an average share price of EUR 74.29 (shares with a par value of EUR 2); these shares were similarly classified as shares to be cancelled.

Under the Bank's market-making agreement with Exane BNP Paribas, and consistent with the Code of Ethics recognised by the AMF, BNP Paribas SA bought back 272,719 shares at an average share price of EUR 59.40, and sold 258,903 treasury shares at an average share price of EUR 60.50. At 31 December 2008, BNP Paribas SA owned 161,851 treasury shares, representing a total value of EUR 9 million, under the market-making agreement.

524,208 BNP Paribas shares were given to employees as share awards between 1 January 2008 and 31 December 2008, including 610 shares that were awarded early.

On 1 October 2008, BNP Paribas used 3,646,292 treasury shares in a share swap transaction to finance an acquisition.

Preferred shares and Undated Super Subordinated Notes (TSSDI)

Preferred shares issued by the Group's foreign subsidiaries

In December 1997, BNP US Funding LLC, a subsidiary under the exclusive control of the Group, made a USD 500 million issue of undated non-cumulative preferred shares governed by the laws of the United States, which did not dilute BNP Paribas ordinary shares. The shares paid a fixed rate dividend for a period of ten years. Thereafter, the shares were redeemable at par at the issuer's discretion at the end of each calendar quarter, with unredeemed shares paying a Libor-indexed dividend. The issuer had the option of not paying dividends on these preferred shares if no dividends were paid on BNP Paribas SA ordinary shares and no coupons were paid on preferred share equivalents (Undated Super Subordinated Notes) in the previous year. Unpaid dividends were not carried forward. The preferred shares were redeemed by the issuer in December 2007 at the end of the contractual ten-year period.

In October 2000, a USD 500 million undated non-cumulative preferred share issue was carried out by BNP Paribas Capital Trust, a subsidiary under the exclusive control of the Group. These shares pay a fixed rate dividend for a period of ten years. Thereafter, the shares are redeemable at par at the issuer's discretion at the end of each calendar quarter, with unredeemed shares paying a Libor-indexed dividend.

In October 2001, a EUR 500 million undated non-cumulative preferred share issue was carried out through a subsidiary under the exclusive control of the Group, BNP Paribas Capital Trust III. Shares in the issue pay a fixed rate dividend for a period of ten years. The shares are redeemable at the issuer's discretion after a ten-year period, and thereafter at

each coupon date, with unredeemed shares paying a Euribor-indexed dividend.

In January and June 2002, two undated non-cumulative preferred share issues, of EUR 660 million and USD 650 million respectively, were carried out by two subsidiaries under the exclusive control of the Group, BNP Paribas Capital Trust IV and V. Shares in the first issue pay a fixed rate annual dividend over ten years, and shares in the second issue paid a fixed rate quarterly dividend over five years. Shares in the first issue are redeemable at the issuer's discretion after a ten-year period, and thereafter at each coupon date, with unredeemed shares paying a Euribor-indexed dividend. Shares in the second issue were redeemed by the issuer in June 2007 at the end of the contractual five-year period.

In January 2003, a non-cumulative preferred share issue of EUR 700 million was carried out by BNP Paribas Capital Trust VI, a subsidiary under the exclusive control of the Group. The shares pay an annual fixed rate dividend. They are redeemable at the end of a 10-year period and thereafter at each coupon date. Shares not redeemed in 2013 will pay a Euribor-indexed quarterly dividend.

In 2003 and 2004, the LaSer-Cofinoga sub-group – which is proportionately consolidated by BNP Paribas – carried out three issues of undated non-voting preferred shares through special purpose entities governed by UK law and exclusively controlled by the LaSer-Cofinoga sub-group. These shares pay a non-cumulative preferred dividend for a ten-year period, at a fixed rate for those issued in 2003 and an indexed rate for the 2004 issue. After this ten-year period, they will be redeemable at par at the issuer's discretion at the end of each quarter on the coupon date, and the dividend payable on the 2003 issue will become Euribor-indexed.

Issuer	Date of issue	Currency	Amount	Rate and term before 1st call date	Rate after 1st call date
BNPP Capital Trust	October 2000	USD	500 million	9.003% 10 years	3-month Libor + 3.26%
BNPP Capital Trust III	October 2001	EUR	500 million	6.625% 10 years	3-month Euribor + 2.6%
BNPP Capital Trust IV	January 2002	EUR	660 million	6.342% 10 years	3-month Euribor + 2.33%
BNPP Capital Trust VI	January 2003	EUR	700 million	5.868% 10 years	3-month Euribor + 2.48%
Cofinoga Funding I LP	March 2003	EUR	100 million ⁽¹⁾	6.820% 10 years	3-month Euribor + 3.75%
Cofinoga Funding II LP	January and May 2004	EUR	80 million ⁽¹⁾	TEC 10 ⁽²⁾ + 1.35% 10 years	TEC 10 ⁽²⁾ + 1.35%

⁽¹⁾ Before application of the proportionate consolidation rate.

⁽²⁾ TEC 10 is the daily long-term government bond index, corresponding to the yield-to-maturity of a fictitious 10-year Treasury note.

The proceeds of these issues and the dividends are recorded under «Minority interests» in the balance sheet.

At 31 December 2008, the BNP Paribas Group held 60 million preferred shares, deducted from minority interests.

Undated Super Subordinated Notes issued by BNP Paribas SA

From 2005 to 2008, BNP Paribas SA carried out fifteen issues of Undated Super Subordinated Notes representing a total amount of EUR 10,543 million. The notes pay a fixed rate coupon and are redeemable at the end of a fixed period and thereafter at each coupon date. Some of these issues will pay a coupon indexed to Euribor or Libor if the notes are not redeemed at the end of this period.

The last of these issues, which was made in December 2008, was taken up by the Société de Prise de Participation de l'Etat, a company created to issue debt securities guaranteed by the French State. The proceeds of the issues are used to subscribe for securities issued by credit institutions, which constitute Tier One regulatory capital. The notes pay a coupon plus

a redemption premium of 1% from the first anniversary of the issue date, then an additional 2% a year from the second to the fifth anniversary and 11% from the sixth anniversary.

The table below sets out the characteristics of these various issues:

Date of issue	Currency	Amount	Coupon payment date	Rate and term before 1 st call date		Rate after 1 st call date
June 2005	USD	1,350 million	semi-annual	5.186%	10 years	USD 3-month Libor + 1.680%
October 2005	EUR	1,000 million	annual	4.875%	6 years	4.875%
October 2005	USD	400 million	annual	6.250%	6 years	6.250%
April 2006	EUR	750 million	annual	4.730%	10 years	3-month Euribor + 1.690%
April 2006	GBP	450 million	annual	5.945%	10 years	GBP 3-month Libor + 1.130%
July 2006	EUR	150 million	annual	5.450%	20 years	3-month Euribor + 1.920%
July 2006	GBP	325 million	annual	5.945%	10 years	GBP 3-month Libor + 1.810%
April 2007	EUR	750 million	annual	5.019%	10 years	3-month Euribor + 1.720%
June 2007	USD	600 million	quarterly	6.500%	5 years	6.50%
June 2007	USD	1,100 million	semi-annual	7.195%	30 years	USD 3-month Libor + 1.290%
October 2007	GBP	200 million	annual	7.436%	10 years	GBP 3-month Libor + 1.850%
June 2008	EUR	500 million	annual	7.781%	10 years	3-month Euribor + 3.750%
September 2008	EUR	650 million	annual	8.667%	5 years	3-month Euribor + 4.050%
September 2008	EUR	100 million	annual	7.570%	10 years	3-month Euribor + 3.925%
December 2008	EUR	2,550 million	annual	7.750%	5 years	3-month Euribor + 4.550%

BNP Paribas has the option of not paying interest due on these Undated Super Subordinated Notes if no dividends were paid on BNP Paribas SA ordinary shares or on preferred shares in the previous year. Unpaid interest is not carried forward.

The contracts relating to these Undated Super Subordinated Notes contain a loss absorption clause. Under the terms of this clause, in the event of insufficient regulatory capital – which is not fully offset by a capital increase or any other equivalent measure – the nominal value of the notes may be reduced in order to serve as a new basis for the calculation of the related coupons until the capital deficiency is made up and the nominal value of the notes is increased to its original amount. However, in the event of the liquidation of BNP Paribas, the amount due to the holders of these notes will represent their original nominal value irrespective of whether or not their nominal value has been reduced.

The proceeds raised by these issues are recorded in equity under «Retained earnings». In accordance with IAS 21, issues denominated in

foreign currencies are recognised at their historical value based on their translation into euros at the issue date. Interest on the instruments is treated in the same way as dividends.

At 31 December 2008, the BNP Paribas Group held EUR 22 million of Undated Super Subordinated Notes which were deducted from shareholders' equity.

Earnings per share

Diluted earnings per share corresponds to net income for the year divided by the weighted average number of shares outstanding as adjusted for the maximum effect of the conversion of dilutive equity instruments into ordinary shares. In-the-money stock subscription options are taken into account in the diluted earnings per share calculation, as are share awards made under the Global Share-based Incentive Plan. Conversion of these instruments would have no effect on the net income figure used in this calculation.

Notes to the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union

	Year to 31 Dec. 2008	Year to 31 Dec. 2007
Net income used to calculate basic and diluted earnings per share (in millions of euros) ⁽¹⁾	2,762	7,629
Weighted average number of ordinary shares outstanding during the year	899,245,437	898,407,216
Effect of potentially dilutive ordinary shares	3,813,197	7,629,130
Weighted average number of ordinary shares used to calculate diluted earnings per share	903,058,634	906,036,346
Basic earnings per share (in euros)	3.07	8.49
Diluted earnings per share (in euros)	3.06	8.42

⁽¹⁾ Net income used to calculate basic and diluted earnings per share is net income per the profit and loss account, adjusted for the remuneration on the Undated Super Subordinated Notes issued by BNP Paribas SA (qualified as preferred share equivalents), which for accounting purposes is treated as dividends.

A dividend of EUR 3.35 per share was paid in 2008 out of 2007 net income (compared with a dividend EUR 3.10 per share paid in 2007 out of 2006 net income).

8.b SCOPE OF CONSOLIDATION

Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)
Consolidating company								
BNP Paribas SA	France					Full	100.00%	100.00%
French Retail Banking								
Banque de Bretagne (*)	France					Full	100.00%	100.00%
BNP Paribas Développement SA	France					Full	100.00%	100.00%
BNP Paribas Factor (*)	France					Full	100.00%	100.00%
Compagnie pour le Financement des Loisirs – Cofloisirs	France					Equity	33.33%	33.33%
Retail Banking - Italy (BNL Banca Commerciale)								
Artigiancassa SPA	Italy					Full	73.86%	73.86%
Artigiansoa – Org. Di Attestazione SPA	Italy	7				Equity	12	80.00%
Banca Nazionale del Lavoro SPA	Italy		5					
BNL Broker Assicurazioni SPA	Italy	8				Full	100.00%	100.00%
BNL Direct Services SPA	Italy		5					
BNL Edizioni SRL	Italy	7				Equity	12	100.00%
BNL Finance SPA	Italy					Full	100.00%	100.00%
BNL Partecipazioni SPA	Italy					Full	100.00%	100.00%
BNL Positivity SRL	Italy					Full	51.00%	51.00%
Banca Nazionale del Lavoro SPA (ex BNL Progetto SPA)	Italy	2				Full	100.00%	100.00%
Creaimpresa SPA (Groupe)	Italy	7				Equity	12	76.90%
Elep SPA	Italy				4			
International Factors Italia SPA – Ifitalia	Italy					Full	99.64%	99.64%
Serfactoring SPA	Italy					Equity	27.00%	26.94%
Special Purpose Entities								
Vela ABS	Italy					Full		
Vela Home SRL	Italy					Full		
Vela Public Sector SRL	Italy					Full		

Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)
International Retail Services								
Retail Banking in United States of America								
1897 Services Corporation	U.S.A					Full	100.00%	100.00%
AmerUS Leasing, Incorporated.	U.S.A					Full	100.00%	100.00%
BancWest Corporation	U.S.A					Full	100.00%	100.00%
Bancwest Investment Services, Incorporated	U.S.A					Full	100.00%	100.00%
Bank of the West Business Park Association LLC	U.S.A					Full	38.00%	38.00%
Bank of the West	U.S.A					Full	100.00%	100.00%
Bishop Street Capital Management Corporation	U.S.A					Full	100.00%	100.00%
BW Insurance Agency, Incorporated	U.S.A					Full	100.00%	100.00%
BW Leasing, Incorporated	U.S.A					Full	100.00%	100.00%
Center Club, Incorporated	U.S.A					Full	100.00%	100.00%
CFB Community Development Corporation	U.S.A					Full	100.00%	100.00%
Claas Financial Services LLC	U.S.A			2		Full	100.00%	80.45%
Commercial Federal Affordable Housing, Incorporated.	U.S.A					Full	100.00%	100.00%
Commercial Federal Community Development Corporation	U.S.A					Full	100.00%	100.00%
Commercial Federal Insurance Corporation	U.S.A					Full	100.00%	100.00%
Commercial Federal Investments Services, Incorporated	U.S.A					Full	100.00%	100.00%
Commercial Federal Realty Investors Corporation	U.S.A					Full	100.00%	100.00%
Commercial Federal Service Corporation	U.S.A					Full	100.00%	100.00%
Community First Home Mortgage	U.S.A				4			
Community First Insurance, Incorporated	U.S.A					Full	100.00%	100.00%
Community Service, Incorporated	U.S.A					Full	100.00%	100.00%
Contractors Insurance Services	U.S.A			5				
Equity Lending Incorporated	U.S.A					Full	100.00%	100.00%
Essex Crédit Corporation	U.S.A					Full	100.00%	100.00%

⁽¹⁾ French subsidiaries whose regulatory supervision falls within the scope of the consolidated Group, in accordance with article 4.1 of CRBF regulation 2000.03.

(A) Movements for 6 months to 30 June 2007.

(B) Movements for 6 months to 31 December 2007.

1. Acquisition.

2. Entity newly incorporated or passing qualifying threshold.

3. Disposal.

4. Deconsolidation.

5. Merger between consolidated entities.

6. Change of method - Proportionate method to full consolidation.

7. Change of method - Full consolidation to equity method.

8. Change of method - Equity method to full consolidation.

(C) Movements for 6 months to 30 June 2008.

(D) Movements for 6 months to 31 December 2008.

9. Change of method - Full consolidation to proportionate method.

10. Change of method - Equity method to proportionate method.

11. Reconsolidation.

12. Entities consolidated using a simplified equity method (non-material).

13. Business transfers due to the creation of Italian retail banking segment.

14. Entities excluded from prudential scope of consolidation.

15. Entities consolidated under the equity method for prudential purpose.

Notes to the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)
FHL Lease Holding Company Incorporated	U.S.A					Full	100.00%	100.00%
FHL SPC One, Incorporated	U.S.A					Full	100.00%	100.00%
First Bancorp	U.S.A					Full	100.00%	100.00%
First Hawaiian Bank	U.S.A					Full	100.00%	100.00%
First Hawaiian Leasing, Incorporated	U.S.A					Full	100.00%	100.00%
First National Bancorp, Incorporated	U.S.A		4					
First National Bancorporation	U.S.A					Full	100.00%	100.00%
First Santa Clara Corporation	U.S.A					Full	100.00%	100.00%
First Savings Investment Corporation	U.S.A				4			
HBC Aviation, LLC	U.S.A			6	5			
KIC Technology1, Incorporated	U.S.A					Full	100.00%	100.00%
KIC Technology2, Incorporated	U.S.A					Full	100.00%	100.00%
KIC Technology3, Incorporated	U.S.A					Full	100.00%	100.00%
Liberty Leasing Company	U.S.A					Full	100.00%	100.00%
Mountain Fall Acquisition	U.S.A					Full	100.00%	100.00%
Nabity – Perry Insurance, Incorporated	U.S.A		5					
ORE, Incorporated	U.S.A			4				
Roxborough Acquisition Corporation	U.S.A					Full	100.00%	100.00%
St Paul Agency Incorporated	U.S.A			4				
The Bankers Club, Incorporated	U.S.A					Full	100.00%	100.00%
The Voyager HR Group	U.S.A				4			
Ursus Real Estate Inc	U.S.A				2	Full	100.00%	100.00%
Special Purpose Entities								
CFB Capital 3	U.S.A				2	Full		
CFB Capital 4	U.S.A					Full		
Commercial Federal Capital Trust 1	U.S.A					Full		
Commercial Federal Capital Trust 2	U.S.A					Full		
Commercial Federal Capital Trust 3	U.S.A					Full		
C-One Leasing LLC	U.S.A				2	Full		
First Hawaiian Capital 1	U.S.A					Full		
BNP Paribas Personal Finance								
Axa Banque Financement	France					Equity	35.00%	35.00%
Banco BGN SA	Brazil				1	Full	100.00%	100.00%
Banco Cetelem Argentina	Argentina	11				Full	60.00%	60.00%
Banco Cetelem Portugal	Portugal					Full	100.00%	100.00%
Banco Cetelem SA	Spain					Full	100.00%	100.00%
BGN Holding Financeira Limitada	Brazil				1	Full	100.00%	100.00%
Bieffe 5 SPA	Italy	2				Equity	100.00%	50.00%
BNP Paribas Invest Immo	France			5				
BNP Paribas Personal Finance (ex Cetelem)	France					Full	100.00%	100.00%

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)
BNP Paribas Personal Finance AED (ex JetFinance International)	Bulgary		1	8		Full	100.00%	100.00%
BNP Paribas Personal Finance Belgium (ex Cetelem Belgium)	Belgium					Full	100.00%	100.00%
BNP Paribas Personal Finance SA de CV (ex Cetelem Mexico SA de CV)	Mexico	8				Full	100.00%	100.00%
BNP Paribas Personal Finance SPA (ex Banca UCB SPA)	Italy					Full	100.00%	100.00%
Carrefour Administration Cartos de Creditos – CACC	Brazil					Equity	40.00%	40.00%
Cetelem Algérie	Algeria	8				Full	100.00%	100.00%
Cetelem America	Brazil					Full	100.00%	100.00%
Cetelem Asia	Hong-Kong	2				Full	100.00%	100.00%
Cetelem Bank SA	Poland					Full	100.00%	100.00%
Cetelem Benelux BV	Netherlands					Full	100.00%	100.00%
Cetelem Brésil	Brazil					Full	100.00%	100.00%
Cetelem Holding Participações Limitada	Brazil				1	Full	100.00%	100.00%
Cetelem CR	Czech Republic					Full	100.00%	100.00%
Cetelem IFN SA	Romania					Full	100.00%	100.00%
Cetelem Maroc	Morocco					Full	99.86%	93.17%
Cetelem Polska Expansion SA	Poland					Full	100.00%	100.00%
Cetelem Processing Services (Shanghai) Limited	China	8				Full	100.00%	100.00%
Cetelem Serviços Limitada	Brazil	2				Equity	12	100.00%
Cetelem Slovensko	Slovakia					Full	100.00%	100.00%
Cetelem Thaïlande	Thailand					Full	100.00%	100.00%
Cetelem UK	UK					Full	100.00%	100.00%
Cofica Bail (*)	France					Full	100.00%	100.00%
Cofidis France	France				3			
Cofiparc SNC	France					Full	100.00%	100.00%
Compagnie Médicale de financement de Voitures et matériels – CMV Médiforce (*)	France					Full	100.00%	100.00%
Credial Italie SPA	Italy					Prop.	50.00%	50.00%
Credirama SPA	Italy		2	10		Prop.	51.00%	25.50%
Credisson Holding Limited	Cyprus					Full	100.00%	100.00%

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(A) Movements for 6 months to 30 June 2007.

(B) Movements for 6 months to 31 December 2007.

1. Acquisition.

2. Entity newly incorporated or passing qualifying threshold.

3. Disposal.

4. Deconsolidation.

5. Merger between consolidated entities.

6. Change of method - Proportionate method to full consolidation.

7. Change of method - Full consolidation to equity method.

8. Change of method - Equity method to full consolidation.

(C) Movements for 6 months to 30 June 2008.

(D) Movements for 6 months to 31 December 2008.

9. Change of method - Full consolidation to proportionate method.

10. Change of method - Equity method to proportionate method.

11. Reconsolidation.

12. Entities consolidated using a simplified equity method (non-material).

13. Business transfers due to the creation of Italian retail banking segment.

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Notes to the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)
Crédit Moderne Antilles Guyane (*)	France					Full	100.00%	100.00%
Crédit Moderne Guyane	France			5				
Crédit Moderne Océan Indien (*)	France					Full	97.81%	97.81%
Direct Services	Bulgary			1		Full	100.00%	100.00%
Dresdner-Cetelem Kreditbank	Germany					Full	50.10%	50.10%
Effico Iberia	Spain					Full	100.00%	100.00%
Effico Participation SA	France			1	5			
Effico Portugal	Portugal			2		Equity	100.00%	100.00%
Effico Soreco	France					Full	99.96%	99.96%
Eurocredito	Spain					Full	100.00%	100.00%
Facet (*)	France					Full	100.00%	100.00%
Fidem (*)	France					Full	51.00%	51.00%
Fidexis	Belgium					Full	100.00%	100.00%
Fimestic Expansion SA	Spain					Full	100.00%	100.00%
Findomestic	Italy					Prop.	50.00%	50.00%
Findomestic Banka a.d	Serbia				10	Prop.	50.00%	50.00%
Findomestic Leasing SPA	Italy		2		5	12		
KBC Pinto Systems	Belgium					Equity	39.99%	39.99%
Laser – Cofinoga (Groupe)	France					Prop.	50.00%	50.00%
Loisirs Finance (*)	France					Full	51.00%	51.00%
Magyar Cetelem	Hungary					Full	100.00%	100.00%
Métier Regroupement de Crédits	France	8		5				
Monabank	France					Equity	34.00%	34.00%
Natixis Financement	France					Equity	33.00%	33.00%
Norrsken Finance (*)	France					Full	51.00%	51.00%
Novacrédit	France		5					
Prestacomer SA de CV	Mexico		2			Equity	100.00%	100.00%
Projeo (*)	France					Full	51.00%	51.00%
SA Domofinance	France					Prop.	55.00%	55.00%
SAS Prêts et Services (*)	France					Full	100.00%	100.00%
Servicios Financieros Carrefour EFC	Spain					Equity	44.08%	40.00%
Société de Paiement Pass	France					Equity	40.01%	40.01%
Submarino Finance Promotora de Credito Limitada	Brazil					Prop.	50.00%	50.00%
Sundaram Home Finance Limited	India		1	10		Prop.	49.90%	49.90%
UCB	France			5				
UCB Hypotheken	Netherlands					Full	100.00%	100.00%
UCB Ingatlanhitel RT	Hungary				2	Full	100.00%	100.00%
UCB Suisse	Switzerland	8				Full	100.00%	100.00%
Union de Creditos Inmobiliarios – UCI (Groupe)	Spain					Prop.	50.00%	50.00%
Debt Investment Fund								
FCC Master Dolphin	Italy					Prop.		
FCC Retail ABS Finance – Noria 2005	France					Full	14	

Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)
FCC Retail ABS Finance – Noria 2008	France					Full		
European Mortgage Finance IT-2008-1 SRL	Italy			2		Full		
FCC Domos 2003	France				4			
FCC Domos 2008	France				2	Full		
FCC Master Domos	France					Full		
FCC Master Domos 4	France				4			
FCC Master Domos 5	France					Full		
FCC U.C.I 18	Spain				2	Prop.		
FCC U.C.I 4-14	Spain					Prop.		
FCC U.C.I 10-17	Spain					Prop.	14	
UCB Service SRL	Italy			2		Full		
Equipment Solutions								
Albury Asset Rentals Limited	UK					Full	100.00%	100.00%
All In One Allemagne	Germany					Full	100.00%	100.00%
All In One Vermietung GmbH	Austria	8				Full	100.00%	100.00%
Antin Bail (*)	France					Full	100.00%	100.00%
Aprolis Finance	France					Full	51.00%	51.00%
Arius SA	France					Full	100.00%	100.00%
Artegy Limited	UK					Full	100.00%	100.00%
Artegy SAS	France					Full	100.00%	100.00%
Arval Austria GmbH	Austria		2	8		Full	100.00%	100.00%
Arval Belgium	Belgium					Full	100.00%	100.00%
Arval Benelux BV (ex Arma Beheer BV)	Netherlands					Full	100.00%	100.00%
Arval Brasil Limitada	Brazil					Equity	12	100.00%
Arval Business Services Limited	UK					Full	100.00%	100.00%
Arval BV	Netherlands					Full	100.00%	100.00%
Arval Deutschland GmbH	Germany					Full	100.00%	100.00%
Arval ECL SAS	France					Full	100.00%	100.00%
Arval Hellas Car Rental SA	Greece			2		Equity	12	100.00%
Arval India Private Limited	India		2			Equity	12	100.00%
Arval Limited	UK					Full	100.00%	100.00%
Arval Luxembourg	Luxembourg					Full	100.00%	100.00%

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(B) Movements for 6 months to 31 December 2007.

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8. Change of method - Equity method to full consolidation.

(C) Movements for 6 months to 30 June 2008.

(D) Movements for 6 months to 31 December 2008.

9. Change of method - Full consolidation to proportionate method.
10. Change of method - Equity method to proportionate method.
11. Reconsolidation.
12. Entities consolidated using a simplified equity method (non-material).
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Notes to the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)	
Arval Maroc	Morocco				2	Equity	12	88.73%	88.73%
Arval NV	Belgium					Full		100.00%	100.00%
Arval PHH Holding SAS	France					Full		100.00%	100.00%
Arval PHH Holdings Limited	UK					Full		100.00%	100.00%
Arval PHH Holdings UK Limited	UK					Full		100.00%	100.00%
Arval PHH Service Lease CZ	Czech Republic	8				Full		100.00%	100.00%
Arval Portugal	Portugal					Full		100.00%	100.00%
Arval Russie	Russia					Equity	12	100.00%	100.00%
Arval Schweiz AG	Switzerland					Full		100.00%	100.00%
Arval Service Lease	France					Full		100.00%	100.00%
Arval Service Lease Espagne	Spain					Full		99.99%	99.99%
Arval Service Lease Italia	Italy					Full		100.00%	100.00%
Arval Service Lease Polska SP	Poland					Full		100.00%	100.00%
Arval Service Lease Romania SRL	Romania		2			Equity	12	100.00%	100.00%
Arval Slovakia	Slovakia				2	Equity	12	100.00%	100.00%
Arval Trading	France					Full		100.00%	100.00%
Arval UK Group Limited	UK					Full		100.00%	100.00%
Arval UK Limited	UK					Full		100.00%	100.00%
Barloworld Heftruck BV	Netherlands					Equity		50.00%	50.00%
BNP Paribas Fleet Holdings Limited	UK					Full		100.00%	100.00%
BNP Paribas Lease Group (*)	France					Full		100.00%	100.00%
BNP Paribas Lease Group BV	Netherlands					Full		100.00%	100.00%
BNP Paribas Lease Group GmbH & Co KG	Austria	2				Full		100.00%	100.00%
BNP Paribas Lease Group Holding SPA	Italy			5					
BNP Paribas Lease Group KFT	Hungary					Full		100.00%	100.00%
BNP Paribas Lease Group Netherlands BV	Netherlands					Full		100.00%	100.00%
BNP Paribas Lease Group Polska SP z.o.o	Poland	8				Full		100.00%	100.00%
BNP Paribas Lease Group RT	Hungary					Full		100.00%	100.00%
BNP Paribas Lease Group SA Belgium	Belgium					Full		100.00%	100.00%
BNP Paribas Lease Group SPA	Italy			5					
BNP Paribas Lease Group SPA (ex Locafit SPA)	Italy	13				Full		100.00%	100.00%
BNP Paribas Lease Group UK PLC	UK					Full		100.00%	100.00%
BNP Paribas Leasing GmbH	Germany					Full		100.00%	100.00%
Bureau Services Limited	UK					Full		100.00%	100.00%
Centro Leasing SPA	Italy		3						
Claas Financial Services (*)	France					Full		60.11%	60.11%
Claas Financial Services Incorporated	U.S.A					Full		100.00%	60.11%
Claas Financial Services Limited	UK	2				Full		51.00%	51.00%
Claas Leasing GmbH	Germany					Full		100.00%	60.11%

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CNH Capital Europe (*)	France					Full	50.10%	50.10%	
CNH Capital Europe Limited	UK					Full	100.00%	50.10%	
Cofiplan (*)	France					Full	99.99%	99.99%	
Commercial Vehicle Finance Limited	UK					Full	100.00%	100.00%	
Cooperleasing SPA	Italy	13	3						
Dexia Location Longue Durée	France				2	Equity	12	51.00%	51.00%
Dialcard Fleet Information Services Limited	UK					Full	100.00%	100.00%	
Dialcard Limited	UK				4				
Diamond Finance UK Limited	UK					Full	60.00%	60.00%	
Equipment Lease BV	Netherlands					Full	100.00%	100.00%	
Gestion et Location Holding	France					Full	100.00%	100.00%	
Greenval Insurance Company Limited	Ireland			2		Full	15	100.00%	100.00%
H.F.G.L Limited	UK					Full	100.00%	100.00%	
Harpur UK Limited	UK					Full	100.00%	100.00%	
Humberclyde Commercial Investments Limited	UK					Full	100.00%	100.00%	
Humberclyde Commercial Investments N° 4 Limited	UK					Full	100.00%	100.00%	
Humberclyde Commercial Investments N° 1 Limited	UK					Full	100.00%	100.00%	
Humberclyde Finance Limited	UK					Full	100.00%	100.00%	
Humberclyde Industrial Finance Limited	UK					Full	100.00%	100.00%	
Humberclyde Investments Limited	UK					Full	100.00%	100.00%	
JCB Finance (*)	France					Full	100.00%	50.10%	
JCB Finance Holdings Limited	UK				2	Full	50.10%	50.10%	
Leaseco International BV	Netherlands					Full	100.00%	100.00%	
Locatrice Italiana SPA	Italy	13				Full	100.00%	100.00%	
Locatrice Strumentale SRL	Italy	13	5						
Manitou Finance Limited	UK					Full	51.00%	51.00%	
Natiobail 2	France					Full	100.00%	100.00%	
Natiocrédibail (*)	France					Full	100.00%	100.00%	
Natiocrédimurs (*)	France					Full	100.00%	100.00%	
Natioénergie (*)	France					Full	100.00%	100.00%	

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8. Change of method - Equity method to full consolidation.

(C) Movements for 6 months to 30 June 2008.

(D) Movements for 6 months to 31 December 2008.

9. Change of method - Full consolidation to proportionate method.
10. Change of method - Equity method to proportionate method.
11. Reconsolidation.
12. Entities consolidated using a simplified equity method (non-material).
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Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)
Overdrive Business Solutions Limited	UK					Full	100.00%	100.00%
Overdrive Credit Card Limited	UK					Full	100.00%	100.00%
Paricomi (*)	France					Full	100.00%	100.00%
PHH Financial services Limited	UK					Full	100.00%	100.00%
PHH Holdings (1999) Limited	UK					Full	100.00%	100.00%
PHH Investment Services Limited	UK					Full	100.00%	100.00%
PHH Leasing (N° 9) Limited	UK					Full	100.00%	100.00%
PHH Treasury Services Limited	UK					Full	100.00%	100.00%
PHH Truck Management Services Limited	UK					Full	100.00%	100.00%
Pointeuro Limited	UK					Full	100.00%	100.00%
Same Deutz Fahr Finance Limited	UK					Full	100.00%	100.00%
Same Deutz-Fahr Finance (*)	France					Full	100.00%	100.00%
SAS MFF (*)	France					Full	51.00%	51.00%
SREI Equipment Finance Private Limited	India				1	Prop.	50.00%	50.00%
The Harpur Group UK Limited	UK					Full	100.00%	100.00%
UFB Asset Finance Limited	UK					Full	100.00%	100.00%
United Care (Cheshire) Limited	UK					Full	100.00%	100.00%
United Care Group Limited	UK					Full	100.00%	100.00%
Special Purpose Entities								
Fundo de Investimento EM Direitos Creditorios BGN Life	Brazil				1	Full		
Fundo de Investimento EM Direitos Creditorios BGN Premium	Brazil				1	Full		
Vela Lease SRL	Italy	13				Full		
Emerging markets								
Banque de Nankin (ex Nanjing City Commercial Bank Corp Limited)	China					Equity	12.61%	12.61%
Banque de Wallis et Futuna	France				11	Full	50.98%	50.98%
Banque du Sahara LSC	Libya		1	8		Full	19.00%	19.00%
Banque Internationale du Commerce et de l'Industrie Burkina Faso	Burkina Faso					Full	51.00%	51.00%
Banque Internationale du Commerce et de l'Industrie Cote d'Ivoire	Ivory Coast					Full	59.79%	59.79%
Banque Internationale du Commerce et de l'Industrie Gabon	Gabon					Full	46.67%	46.67%
Banque Internationale du Commerce et de l'Industrie Guinée	Guinea					Equity	30.83%	30.83%
Banque Internationale du Commerce et de l'Industrie Mali	Mali	8				Full	85.00%	85.00%
Banque Internationale du Commerce et de l'Industrie Senegal	Senegal					Full	54.11%	54.11%
Banque Malgache de l'Océan Indien	Madagascar					Full	75.00%	75.00%

Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)
Banque Marocaine du Commerce et de l'Industrie	Morocco					Full	66.21%	66.21%
Banque Marocaine du Commerce et de l'Industrie Crédit Conso	Morocco	2				Full	100.00%	79.42%
Banque Marocaine du Commerce et de l'Industrie Gestion	Morocco					Equity 12	100.00%	66.21%
Banque Marocaine du Commerce et de l'Industrie Leasing	Morocco					Full	72.03%	47.69%
Banque Marocaine du Commerce et de l'Industrie Offshore	Morocco					Full	100.00%	66.21%
Banque pour le Commerce et l'Industrie de la Mer Rouge	Djibouti		3					
BNP Intercontinentale – BNPI (*)	France					Full	100.00%	100.00%
BNP Paribas BDDI Participations	France					Full	100.00%	100.00%
BNP Paribas Cyprus Limited	Cyprus					Full	100.00%	100.00%
BNP Paribas El Djazair	Algeria					Full	100.00%	100.00%
BNP Paribas Guadeloupe (*)	France					Full	100.00%	100.00%
BNP Paribas Guyane (*)	France					Full	100.00%	100.00%
BNP Paribas Le Caire	Egypt					Full	95.19%	95.19%
BNP Paribas Martinique (*)	France					Full	100.00%	100.00%
BNP Paribas Mauritanie	Mauritania				2	Equity 12	59.99%	59.99%
BNP Paribas Nouvelle Calédonie (*)	France					Full	100.00%	100.00%
BNP Paribas Réunion (*)	France					Full	100.00%	100.00%
BNP Paribas Vostok Holdings	France			5				
BNP Paribas Vostok LLC	Russia	8				Full	100.00%	100.00%
SIFIDA	Luxembourg	4						
TEB Mali Yatirimlar Anonim Sirketi (Groupe)	Turkey					Prop.	50.00%	50.00%
Ukrainian Insurance Alliance	Ukraine					Equity 12	50.00%	25.50%
Ukrainian Leasing Company	Ukraine				2	Equity 12	100.00%	51.00%
Ukrsib Asset Management	Ukraine		2			Equity 12	99.94%	50.97%
Ukrsib Asset Management PI Fund	Ukraine		2			Equity 12	99.94%	50.97%
UkrSibbank	Ukraine					Full	51.00%	51.00%
Union Bancaire pour le Commerce et l'Industrie	Tunisia					Full	50.00%	50.00%
Union Bancaire pour le Commerce et l'Industrie Leasing	Tunisia					Full	75.40%	37.70%
Vesko	Ukraine			1		Equity 12	49.63%	25.31%

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Asset Management & Services									
Insurance									
Assu-Vie SA	France					Equity	12	50.00%	50.00%
BNL Vita SPA	Italy	13				Equity		49.00%	49.00%
BNP Paribas Assurance	France		5						
BNP Paribas Assurance (ex Cardif SA)	France					Full	15	100.00%	100.00%
Cardif Assicurazioni SPA	Italy					Full	15	100.00%	100.00%
Cardif Assurance Vie	France					Full	15	100.00%	100.00%
Cardif Assurance Vie Polska	Poland					Full	15	100.00%	100.00%
Cardif Biztosito Magyarorszag	Hungary			2		Equity	12	100.00%	100.00%
Cardif Compania de Seguros	Perou		2			Equity	12	100.00%	100.00%
Cardif Compania de Seguros de Vida	Argentina		11	8		Full	15	100.00%	100.00%
Cardif do Brasil Seguros	Brazil					Full	15	100.00%	100.00%
Cardif do Brasil Seguros e Garantias	Brazil					Equity	12	100.00%	100.00%
Cardif Forsaking AB	Sweden			2		Equity	12	100.00%	100.00%
Cardif Holdings Incorporation	U.S.A		2			Full	15	99.60%	99.60%
Cardif Insurance Company	Russia			2		Equity	12	100.00%	100.00%
Cardif Leven	Belgium					Full	15	100.00%	100.00%
Cardif Levensverzekeringen NV	Netherlands					Full	15	100.00%	100.00%
Cardif Life Insurance Company Corporation	U.S.A		2			Full	15	100.00%	99.60%
Cardif Mexico Seguros de Vida	Mexico					Equity	12	100.00%	100.00%
Cardif Mexico Seguros Generales SA	Mexico					Equity	12	100.00%	100.00%
Cardif Nederland Holding BV	Netherlands					Full	15	100.00%	100.00%
Cardif Nordic AB	Sweden		2	8		Full	15	100.00%	100.00%
Cardif Pinnacle Insurance Holding Limited	South Africa		8			Full	15	100.00%	100.00%
Cardif RD	France					Full	15	100.00%	100.00%
Cardif Retraite Assurance Vie	France					Full	15	100.00%	100.00%
Cardif Schadeverzekeringen NV	Netherlands					Full	15	100.00%	100.00%
Cardivida Correduria de Seguros	Spain					Equity	12	100.00%	100.00%
Centro Vita Assicurazioni SPA	Italy					Prop.	15	49.00%	49.00%
Closed Joint Insurance Company	Ukraine			2		Equity	12	100.00%	100.00%
Compagnie Bancaire Uk Fonds C	UK					Full	15	100.00%	100.00%
Compania de Seguros Generales	Chile					Full	15	100.00%	100.00%
Compania de Seguros Vida SA	Chile					Full	15	100.00%	100.00%
Cybele RE	Luxembourg	5							
Darnell Limited	Ireland					Full	15	100.00%	100.00%
Direct Life & Pensions Services – DLPS	UK			1		Equity	12	100.00%	100.00%
European Reinsurance Limited	UK		11			Equity	12	100.00%	100.00%
Financial Telemarketing Services	UK		11			Equity	12	100.00%	100.00%

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Fonds d'Investissement Immobilier pour le Commerce et la Distribution – Fondis	France			2		Prop.	15	25.00%	25.00%
GIE BNP Paribas Assurance	France					Full	15	100.00%	99.00%
Global Euro	France	2				Full	15	99.89%	99.73%
Investlife Luxembourg SA	Luxembourg					Full	15	100.00%	100.00%
Luizaseg	Brazil			2		Equity	12	50.00%	50.00%
Natio Assurance	France					Prop.	15	50.00%	50.00%
Natio Fonds Athènes Investissement 5	France	2				Full	15	100.00%	100.00%
Natio Fonds Collines Investissement 1	France	2				Full	15	100.00%	100.00%
Natio Fonds Collines Investissement 3	France	2				Full	15	100.00%	100.00%
NCVP Participacoes SA	Brazil			2		Full	15	100.00%	100.00%
Patrimoine Management & Associés	France					Full	15	61.50%	61.50%
Pinnacle Insurance Holding PLC	UK					Full	15	100.00%	100.00%
Pinnacle Insurance Management Services PLC	UK					Full	15	100.00%	100.00%
Pinnacle Insurance PLC	UK					Full	15	100.00%	100.00%
Pinnafrica Insurance Company Limited	South Africa					Equity	12	100.00%	100.00%
Pinnafrica Insurance Life Limited	South Africa					Equity	12	100.00%	100.00%
Pocztylion Arka Powszechna (ex Poczta Polska Cardif Arka SA)	Poland			11		Equity		33.33%	33.33%
Pojistovna Cardif Pro Vita	Czech Republic			8		Full	15	100.00%	100.00%
Pojistovna Cardif Slovakia A.S	Slovakia		11			Equity	12	100.00%	100.00%
SARL Carma Grand Horizon	France	2				Full	15	100.00%	100.00%
SARL Reumal Investissements	France					Full	15	100.00%	100.00%
Rubin SARL	Luxembourg				2	Prop.	15	50.00%	50.00%
SAS Hibernia France	France		1		9	Prop.	15	60.14%	60.14%
SCA Capital France Hotel	France		1		9	Prop.	15	60.14%	60.14%
SCI 104-106 rue Cambronne	France					Full	15	100.00%	100.00%
SCI 14 rue Vivienne	France					Full	15	100.00%	100.00%
SCI 24-26 rue Duranton	France	3							
SCI 25 rue Abbe Carton	France	3							

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(A) Movements for 6 months to 30 June 2007.

(B) Movements for 6 months to 31 December 2007.

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5. Merger between consolidated entities.
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7. Change of method - Full consolidation to equity method.
8. Change of method - Equity method to full consolidation.

(C) Movements for 6 months to 30 June 2008.

(D) Movements for 6 months to 31 December 2008.

9. Change of method - Full consolidation to proportionate method.
10. Change of method - Equity method to proportionate method.
11. Reconsolidation.
12. Entities consolidated using a simplified equity method (non-material).
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Notes to the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)
SCI 25 rue Gutenberg	France	3						
SCI 40 rue Abbe Groult	France	3						
SCI 100 rue Lauriston	France					Full	15	100.00%
SCI 6 Square Foch	France					Full	15	100.00%
SCI 8-10 place du Commerce	France					Full	15	100.00%
SCI Alpha Park	France			2		Prop.	15	50.00%
SCI Asnieres 1	France					Full	15	100.00%
SCI Beausejour	France					Full	15	100.00%
SCI BNP Paribas Pierre 2	France					Full	15	100.00%
SCI Boulevard Malesherbes	France					Full	15	100.00%
SCI Boulogne Centre	France					Full	15	100.00%
SCI Boulogne Nungesser	France					Full	15	100.00%
SCI Corosa	France					Full	15	100.00%
SCI Courbevoie	France					Full	15	100.00%
SCI Defense Etoile	France					Full	15	100.00%
SCI Defense Vendôme	France					Full	15	100.00%
SCI Etoile	France					Full	15	100.00%
SCI Immeuble Demours	France					Full	15	100.00%
SCI Le Chesnay 1	France	3						
SCI Levallois 2	France					Full	15	100.00%
SCI Maisons 1	France	3						
SCI Malesherbes Courcelles	France					Full	15	100.00%
SCI Montrouge 2	France	3						
SCI Montrouge 3	France	3						
SCI Paris Cours de Vincennes	France	2				Full	15	100.00%
SCI Moussorgski	France					Full	15	100.00%
SCI Odysee	France				2	Full	15	99.90%
SCI Residence le Chatelard	France			4				
SCI rue Mederic	France					Full	15	100.00%
SCI Rueil 1	France	3						
SCI Rueil Ariane	France					Full	15	100.00%
SCI Rueil Caudron	France					Full	15	100.00%
SCI Saint Maurice 2	France	3						
SCI Suresnes 2	France	3						
SCI Suresnes 3	France					Full	15	100.00%
SCI Vendôme Athènes	France			2		Prop.	15	50.00%
SCPI Opéra Rendement	France				2	Full	15	99.12%
Shinan et Life Corée	South Korea					Prop.	15	50.00%
State Bank India Life Cy	India					Equity		26.00%
Thai Cardif Insurance Life Company Limited	Thailand					Equity		25.00%
Valtitres	France	2				Full	15	100.00%
Private Banking								
Banque Privée Anjou (*)	France	1	5					
Bergues Finance Holding	The Bahamas					Full		99.99%

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Notes to the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)	
BNL International Luxembourg	Luxembourg	5							
BNP Paribas Bahamas Limited	The Bahamas					Full	100.00%	99.99%	
BNP Paribas España SA	Spain					Full	99.58%	99.58%	
BNP Paribas Investment Services LLC	U.S.A					Full	100.00%	100.00%	
BNP Paribas Private Bank Monaco (*)	Monaco					Full	100.00%	99.99%	
BNP Paribas Wealth Management (ex BNP Paribas Private Bank) (*)	France					Full	100.00%	100.00%	
Conseil Investissement	France					Full	100.00%	100.00%	
Lavoro Bank Ag Zurigo	Switzerland	5							
Nachenius, Tjeenk et Co NV	Netherlands					Full	100.00%	100.00%	
Servizio Italia SPA	Italy	4							
Personal Investors									
B*Capital (*)	France					Full	99.96%	99.96%	
Cortal Consors France (*)	France					Full	100.00%	100.00%	
Cortal Consors Select	France				2	Equity	12	85.00%	85.00%
FundQuest	France					Full	100.00%	100.00%	
Geojit Financial Services Limited (Groupe)	India	1	10			Prop.	27.11%	27.11%	
Investment Partners									
Antin Infrastructure Partners (ex Infra Capital Investors)	France		2			Equity	12	56.50%	56.50%
BNL Fondi Immobiliari	Italy	13				Full	100.00%	100.00%	
BNP Paribas Asset Management	France					Full	100.00%	100.00%	
BNP Paribas Asset Management Uruguay SA	Uruguay					Equity	12	100.00%	100.00%
BNP Paribas Asset Management Australia Limited	Australia				2	Full	100.00%	100.00%	
BNP Paribas Asset Management Asia	Hong-Kong		2			Equity	12	100.00%	100.00%
BNP Paribas Asset Management Brasil Limitada	Brazil					Full	100.00%	100.00%	
BNP Paribas Asset Management GmbH	Germany					Equity	12	100.00%	100.00%
BNP Paribas Asset Management Japan Limited	Japan					Full	100.00%	100.00%	
BNP Paribas Asset Management Luxembourg	Luxembourg					Full	99.66%	99.66%	

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10. Change of method - Equity method to proportionate method.

11. Reconsolidation.

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Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)	
BNP Paribas Asset Management SGR Milan SPA	Italy		5						
BNP Paribas Asset Management SGIC	Spain					Equity	12	100.00%	99.58%
BNP Paribas Asset Management SGR Milan (ex BNL Gestioni SGR)	Italy	13				Full		100.00%	100.00%
BNP Paribas Asset Management Singapore Limited	Singapore		2			Equity	12	100.00%	100.00%
BNP Paribas Asset Management UK Limited	UK					Full		100.00%	100.00%
BNP Paribas Investment Partners (ex BNP PAM Group)	France					Full		100.00%	100.00%
BNP Paribas Financière AMS (Fin'AMS) (*)	France					Full		100.00%	100.00%
BNP Paribas Fund Services France	France					Full		100.00%	100.00%
BNP Paribas Private Equity	France					Equity	12	100.00%	100.00%
Cardif Asset Management	France					Full		100.00%	100.00%
Cardif Gestion d'Actifs	France					Full		100.00%	100.00%
Charter Atlantic Capital corporation	U.S.A	8				Full		100.00%	100.00%
Charter Atlantic Corporation	U.S.A	8				Full		100.00%	100.00%
Cooper Neff Alternative Managers	France	8		7		Equity	12	99.40%	99.40%
Fauchier Partners Management Limited (Groupe)	UK					Prop.		42.17%	62.50%
Fischer Francis Trees & Watts UK	UK	8				Full		100.00%	100.00%
Fischer Francis Trees & Watts Incorporation	U.S.A	8				Full		100.00%	100.00%
Fischer Francis Trees & Watts Kabushiki Kaisha	Japan	8				Full		100.00%	100.00%
Fischer Francis Trees & Watts Limited	UK	8				Full		100.00%	100.00%
Fischer Francis Trees & Watts Pte Limited	Singapore	8				Full		100.00%	100.00%
Fund Quest Incorporation	U.S.A					Full		100.00%	100.00%
Impax Group PLC	UK				2	Equity		26.82%	26.82%
Malbec Partners Incorporation	U.S.A			1		Full		100.00%	100.00%
Malbec Partners LLC	UK				2	Full		100.00%	100.00%
Malbec UK Limited	UK				2	Full		100.00%	100.00%
Overlay Asset Management	France			8		Full		100.00%	100.00%
Shenyng & Wanguo BNP Paribas Asset Management Company Limited	China			2		Equity		33.00%	33.00%
Shinhan BNP Paribas Investment Trust Management Co Ltd	South Korea	10				Prop.		50.00%	50.00%
Sundaram BNP Paribas Asset Management Company Limited	India					Equity		49.90%	49.90%
Securities Services									
BNP Paribas Fund Services	Luxembourg			5					
BNP Paribas Fund Services Australasia Limited	Australia					Full		100.00%	100.00%

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BNP Paribas Fund Services Dublin Limited	Ireland					Full	100.00%	100.00%
BNP Paribas Fund Services Holdings	UK					Full	100.00%	100.00%
BNP Paribas Fund Services UK Limited	UK				6			
BNP Paribas Securities Services – BP2S (*)	France					Full	100.00%	100.00%
BNP Paribas Securities Services Custody bank Limited (ex Royal Bank of Scotland International Custody Bank Ltd)	Jersey		1			Full	100.00%	100.00%
BNP Paribas Securities Services (Holdings) Limited (ex Royal Bank of Scotland International Securities Services (Holdings Ltd))	Jersey		1			Full	100.00%	100.00%
BNP Paribas Securities Services International Holding SA	France		5					
BNP Paribas Trust Company (Guernsey) Limited (ex Royal Bank of Scotland International Trustee (Guernsey Ltd))	Guernsey		1			Equity	12	100.00%
Banco Excel Bank SA	Spain	1	5					
Real Estate Services								
Asset Partenaires	France					Full	100.00%	96.77%
Atisreal Expertise	France					Full	100.00%	100.00%
Atisreal Auguste-Thouard	France					Full	96.01%	96.01%
Atisreal Belgium SA	Belgium					Full	100.00%	100.00%
Atisreal Benelux SA	Belgium					Full	100.00%	100.00%
Atisreal Consult	France					Full	100.00%	100.00%
Atisreal Consult GmbH	Germany					Full	100.00%	100.00%
Atisreal España SA	Spain					Full	100.00%	100.00%
Atisreal GmbH	Germany					Full	100.00%	100.00%
Atisreal Holding France	France				5			
Atisreal Holding GmbH	Germany					Full	100.00%	100.00%
Atisreal Hotels (ex SP & Partners)	France		2			Full	96.01%	96.01%
Atisreal International	France					Full	100.00%	100.00%
Atisreal Irlande	Ireland	1				Full	100.00%	100.00%
Atisreal Italia	Italy	1				Full	100.00%	100.00%
Atisreal Limited	UK					Full	100.00%	100.00%

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Atisreal Luxembourg SA	Luxembourg					Full	100.00%	100.00%
Atisreal Property Management GmbH	Germany					Full	100.00%	100.00%
Atisreal Property Management Services	Belgium					Full	100.00%	100.00%
Atisreal Proplan GmbH	Germany					Full	87.59%	87.59%
Atisreal USA Incorporated	U.S.A					Full	100.00%	100.00%
BNP Paribas Immobilier (ex Meunier Promotion)	France					Full	100.00%	100.00%
BNP Paribas Immobilier Promotion Immobilier d'Entreprise (ex SAS Meunier Immobilier d'Entreprise)	France					Full	100.00%	100.00%
BNP Paribas Immobilier Promotion Sud Ouest (ex SAS Meunier Habitat Sud Ouest)	France		2			Full	100.00%	100.00%
BNP Paribas Immobilier Promotion Var (ex SAS Meunier Habitat Var)	France				2	Full	100.00%	100.00%
BNP Paribas Immobilier Property Management	France					Full	100.00%	100.00%
BNP Paribas Immobilier Résidentiel (ex SAS Meunier Habitat)	France					Full	100.00%	100.00%
BNP Paribas Immobilier Résidentiel Promotion Île de France (ex SAS Meunier Habitat Île de France)	France					Full	100.00%	100.00%
BNP Paribas Immobilier Résidentiel Promotion Méditerranée (ex SAS Meunier Méditerranée)	France					Full	100.00%	100.00%
BNP Paribas Immobilier Résidentiel Promotion Rhône Alpes (ex SAS Meunier Rhône Alpes)	France					Full	100.00%	100.00%
BNP Paribas Immobilier Résidentiel Résidences Services (ex SAS Studélites)	France					Full	100.00%	100.00%
BNP Paribas Immobilier Résidentiel Service Clients (ex SNC Meunier Gestion)	France					Full	100.00%	100.00%
BNP Paribas Immobilier Résidentiel Transaction & Conseil (ex SNC Espaces Immobiliers)	France					Full	100.00%	100.00%
BNP Paribas Immobilier Résidentiel V2i	France				2	Full	100.00%	100.00%
BNP Paribas Participations Financières Immobilières	France					Full	100.00%	100.00%
BNP Paribas Real Estate Facilities Management Limited (ex Chancery Lane Management Services Limited)	UK					Full	100.00%	100.00%
BNP Paribas Real Estate Investment Management	France					Full	96.77%	96.77%
BNP Paribas Real Estate Investment Management Limited	UK				2	Full	100.00%	100.00%

Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)
BNP Paribas Real Estate Investment Management UK Limited (ex BNP Paribas Real Estate Investments Services Limited)	UK					Full	100.00%	100.00%
BNP Paribas Real Estate Property Développement Italia	Italy		2			Full	100.00%	100.00%
BNP Paribas Real Estate Property Management Italia	Italy	1				Full	100.00%	100.00%
BSA Immobilier	France					Full	100.00%	100.00%
Cabinet Claude Sanchez	France	1				Full	100.00%	100.00%
Compagnie Tertiaire	France	5						
F G Ingenierie et Promotion Immobilière	France					Full	100.00%	100.00%
Genisar Servicios Inmobiliarios	Spain		5					
Immobiliere des Bergues	France					Full	100.00%	100.00%
Partenaires Gerance Soprofinance	France		5					
Partner's & Services	France	1				Full	100.00%	100.00%
SA Gerer	France					Full	100.00%	100.00%
SA Meunier Hispania	Spain	1				Full	100.00%	100.00%
SA Procodis	France	5						
SAS BNP Paribas Real Estate Investment Services (ex SAS ECM Real Estate)	France	1				Full	100.00%	100.00%
SAS BNP Paribas Real Estate Property Management España (ex SA Comadim Hispania)	Spain	1				Full	100.00%	100.00%
SAS BNP Paribas Real Estate Property Management France	France					Full	100.00%	100.00%
SAS BRSI	France	1				Full	100.00%	100.00%
SAS Cristolienne de Participations	France				2	Full	100.00%	100.00%
SAS Multi Vest (France) 4	France	1				Full	100.00%	100.00%
SAS Newport Management	France	1				Full	100.00%	100.00%
SAS Sofiane	France					Full	100.00%	100.00%
Sifonte SL	Spain		5					
SNC Lot 2 Porte d'Asnières	France					Full	100.00%	100.00%
Tasaciones Hipotecarias SA	Spain					Full	100.00%	100.00%
Valuation Consulting Limited	UK				4			
Weatheralls Consultancy Services Limited	UK					Full	100.00%	100.00%

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Corporate and Investment Banking (*)								
France								
BNP Paribas Arbitrage (*)	France					Full	100.00%	100.00%
BNP Paribas Equities France (*)	France					Full	99.96%	99.96%
BNP Paribas Equity Strategies France	France					Full	100.00%	100.00%
BNP Paribas Peregrine Group	France		5					
BNP Paribas Stratégies Actions	France					Full	100.00%	100.00%
Capstar Partners SAS France	France					Full	100.00%	100.00%
Harewood Asset Management	France			8		Full	100.00%	100.00%
Paribas Dérivés Garantis Snc	France					Full	14	100.00%
Parifergie (*)	France					Full	100.00%	100.00%
SAS Esomet	France					Full	100.00%	100.00%
SAS Parilease (*)	France					Full	100.00%	100.00%
Taitbout Participation 3	France				2	Full	100.00%	100.00%
Europe								
BNP Factor Portugal	Portugal					Full	100.00%	100.00%
BNP Paribas Ireland	Ireland					Full	100.00%	100.00%
BNP Paribas (Bulgaria) AD	Bulgary			4				
BNP Paribas Bank (Hungaria) RT	Hungary			4				
BNP Paribas Bank (Polska) SA	Poland				4			
BNP Paribas Bank NV	Netherlands					Full	100.00%	100.00%
BNP Paribas Capital Investments Limited	UK					Full	100.00%	100.00%
BNP Paribas Capital Markets Group Limited	UK					Full	100.00%	100.00%
BNP Paribas Commodity Futures Limited	UK					Full	100.00%	100.00%
BNP Paribas E & B Limited	UK					Full	100.00%	100.00%
BNP Paribas Finance PLC	UK					Full	100.00%	100.00%
BNP Paribas Luxembourg SA	Luxembourg					Full	100.00%	100.00%
BNP Paribas Net Limited	UK					Full	100.00%	100.00%
BNP Paribas Sviluppo	Italy	4						
BNP Paribas Suisse SA	Switzerland					Full	99.99%	99.99%
BNP Paribas UK Holdings Limited	UK					Full	100.00%	100.00%
BNP Paribas UK Limited	UK					Full	100.00%	100.00%
BNP PUK Holding Limited	UK					Full	100.00%	100.00%
BNP Paribas ZAO	Russia					Full	100.00%	100.00%
Calilux SARL	Luxembourg		2			Full	60.00%	60.00%
Capstar Partners Limited	UK					Full	100.00%	100.00%
Eurassie Finance SARL	Luxembourg				2	Full	100.00%	100.00%
Harewood Holdings Limited	UK					Full	100.00%	100.00%
ISIS Factor SPA	Italy	4						
Landspire Limited	UK		2			Full	100.00%	100.00%
Paribas Trust Luxembourg SA	Luxembourg					Full	100.00%	100.00%

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Utexam Limited	Ireland					Full	100.00%	100.00%
Vartry Reinsurance Limited (ex Delta Reinsurance Limited)	Ireland	8				Full	15	100.00%
Americas								
BNP Paribas Andes	Perou	4						
BNP Paribas Asset Management Incorporated	U.S.A					Full	100.00%	100.00%
BNP Paribas Brasil SA	Brazil					Full	100.00%	100.00%
BNP Paribas Canada	Canada					Full	100.00%	100.00%
BNP Paribas Capstar Partners Incorporated	U.S.A					Full	100.00%	100.00%
BNP Paribas Commodities Futures Incorporated	U.S.A					Full	100.00%	100.00%
BNP Paribas Leasing Corporation	U.S.A					Full	100.00%	100.00%
BNP Paribas Mortgage Corporation	U.S.A			2		Full	100.00%	100.00%
BNP Paribas North America Incorporated	U.S.A					Full	100.00%	100.00%
BNP Paribas Prime Brokerage Incorporated	U.S.A				1	Full	100.00%	100.00%
BNP Paribas Prime Brokerage International Limited	Cayman Islands				1	Full	100.00%	100.00%
BNP Paribas Principal Incorporated	U.S.A					Full	100.00%	100.00%
BNP Paribas RCC Incorporation	U.S.A					Full	100.00%	100.00%
BNP Paribas Securities Corporation	U.S.A					Full	100.00%	100.00%
Capstar Partners LLC	U.S.A					Full	100.00%	100.00%
Cooper Neff Group Incorporated	U.S.A					Full	100.00%	100.00%
French American Banking Corporation – F.A.B.C.	U.S.A					Full	100.00%	100.00%
Harewood Asset Management (US) Incorporated (ex Cooper Neff Advisors Incorporated)	U.S.A					Full	100.00%	100.00%
Innocap Investment Management Incorporation	Canada			1		Equity	25.00%	25.00%
Paribas North America	U.S.A					Full	100.00%	100.00%
Petits Champs Participações e Serviços SA	Brazil					Full	100.00%	100.00%

^(f) French subsidiaries whose regulatory supervision falls within the scope of the consolidated Group, in accordance with article 4.1 of CRBF regulation 2000.03.

(A) Movements for 6 months to 30 June 2007.

(B) Movements for 6 months to 31 December 2007.

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6. Change of method – Proportionate method to full consolidation.
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8. Change of method – Equity method to full consolidation.

(C) Movements for 6 months to 30 June 2008.

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9. Change of method – Full consolidation to proportionate method.
10. Change of method – Equity method to proportionate method.
11. Reconsolidation.
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Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)
Asia - Oceania								
BNP Equities Asia Limited	Malaysia					Full	100.00%	100.00%
BNP Paribas – (China) Limited	China					Full	100.00%	100.00%
BNP Paribas Arbitrage (Hong Kong) Limited	Hong-Kong					Full	100.00%	100.00%
BNP Paribas Capital (Asia Pacific) Limited	Hong-Kong					Full	100.00%	100.00%
BNP Paribas Capital (Singapore) Limited	Singapore					Full	100.00%	100.00%
BNP Paribas Finance (Hong Kong) Limited	Hong-Kong					Full	100.00%	100.00%
BNP Paribas Futures (Hong Kong) Limited	Hong-Kong					Full	100.00%	100.00%
BNP Paribas India Solutions Private Limited	India					Full	100.00%	100.00%
BNP Paribas Japan Limited	Japan	2				Full	100.00%	100.00%
BNP Paribas Pacific (Australia) Limited	Australia					Full	100.00%	100.00%
BNP Paribas Principal Investments Japan Limited	Japan	2				Full	100.00%	100.00%
BNP Paribas SCM Asia (Hong Kong) Limited – (ex BNP Paribas GRS – (Hong Kong) Limited)	Hong-Kong					Full	100.00%	100.00%
BNP Paribas Securities (Asia) Limited	Hong-Kong					Full	100.00%	100.00%
BNP Paribas Securities (Japan) Limited	Hong-Kong					Full	100.00%	100.00%
BNP Paribas Securities (Taiwan) Co Limited	Taiwan					Full	100.00%	100.00%
BNP Paribas Securities Korea Company Limited	South Korea					Full	100.00%	100.00%
BNP Paribas Securities – (Singapore) Pte Limited	Singapore					Full	100.00%	100.00%
BNP Paribas Services (Hong Kong) Limited	Hong-Kong					Full	100.00%	100.00%
Paribas Asia Equities Limited	Hong-Kong					Full	100.00%	100.00%
PT Bank BNP Paribas Indonésia	Indonesia					Full	100.00%	99.99%
PT BNP Paribas Securities Indonesia	Indonesia					Full	99.00%	99.00%
Special Purpose Entities								
54 Lombard Street Investments Limited	UK					Full		
Alectra Finance PLC	Ireland					Full		
Altels Investments Limited	Ireland					Full		
APAC Finance Limited	New Zealand					Full		
APAC Investments Limited	New Zealand					Full		
APAC NZ Holdings Limited	New Zealand					Full		
ARV International Limited	Cayman Islands					Full		

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Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)
Austin Finance	France					Full		
BNP Paribas Arbitrage Issuance BV	Netherlands					Full		
BNP Paribas Emissions und Handel. GmbH	Germany					Full		
BNP Paribas Finance Incorporated	U.S.A					Full		
BNP Paribas Islamic Issuance BV	Netherlands			2		Full		
BNP Paribas Singapore Funding Partnership	Singapore		2			Full		
Bougainville BV	Netherlands					Full		
Crisps Limited	Cayman Islands					Full		
Epimetheus Investments Limited	Cayman Islands	4						
Epping Funding Limited	Cayman Islands		2			Full		
Epsom Funding Limited	Cayman Islands					Full		
Euroliberté PLC	Ireland	4						
European Hedged Equity Limited	Cayman Islands			4				
Fidex PLC	UK					Full		
Financière Paris Haussmann	France					Full		
Financière Taitbout	France					Full		
Fintrack Bayamo	France				2	Full		
Fintrack Foehn	France				2	Full		
Forsete Investments SA	Luxembourg		4					
Global Guaranteed Equity Limited	Cayman Islands				4			
Global Hedged Equity Investment Limited	Cayman Islands	4						
Global Liberté	Ireland					Full	14	
Global Protected Alternative Investments Limited	Cayman Islands				4			
Global Protected Equity Limited	Cayman Islands			4				
Grenache et Cie SNC	Luxembourg		2			Full		
Harewood Investments N°1 à 6 Limited	Cayman Islands					Full		
Henaross Property Limited	Australia					Full		
Highbridge Limited	Cayman Islands		2			Full		
Iliad Investments PLC	Ireland					Full		
Joconde Investments SA	Luxembourg		4					
Laffitte Participation 2	France					Full		

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Laffitte Participation 10	France					Full		
Laffitte Participation 12	France					Full		
Leverage Finance Europe Capital V BV	Netherlands				2	Full		
Liquidity Trust	Cayman Islands		4					
Lock-In Global equity Limited	Cayman Islands					Full		
Marc Finance Limited	Cayman Islands					Full		
Muscat Investments Limited	Jersey		2			Full		
Omega Capital Investments Plc	Ireland					Full		
Omega Investments Cayman Limited	Cayman Islands		4					
Omega Capital Europe PLC	Ireland		2			Full		
Omega Capital Funding Limited	Ireland		2			Full		
Optichamps	France					Full		
Paregof	France	4						
Parritaye Property Limited	Australia					Full		
Participations Opéra	France					Full		
Ribera del Loira Arbitrage SL	Spain			2		Full		
Robin Flight Limited	Ireland					Full		
Royal Neuve I Sarl	Luxembourg					Full		
Royal Neuve II Sarl	Luxembourg			2		Full		
Royal Neuve IV Sarl	Luxembourg				2	Full		
Royal Neuve V Sarl	Luxembourg		2			Full		
Royal Neuve VI Sarl	Luxembourg		2			Full		
Royal Neuve Finance SARL	Luxembourg				2	Full		
SAS China Jenna Finance 1 à 3	France					Full		
SAS China Lucie Finance 1 à 3	France					Full		
SAS China Marie Finance 1 et 2	France		2			Full		
SAS China Newine Finance 1 à 4	France		2			Full		
SAS 2007 Panda Finance 2	France			2		Full		
SAS 2008 Marie Finance	France				2	Full		
SAS 2008 Newine Finance 5	France				2	Full		
SAS 2008 Panda Finance 6	France			2		Full		
SAS 2008 Panda Finance 7	France				2	Full		
SAS 2008 Panda Finance 11	France				2	Full		
SAS China Samantha Finance 1 à 10	France					Full		
SAS Esra 1 à 3	France	2				Full		
SAS Financière des Italiens	France	2				Full		
SAS Swan 1	France				2	Full		
SAS Swan 2	France				2	Full		
SAS Swan 3	France				2	Full		
Singapore Emma Finance 1 SAS	France					Full		
Singapore Emma Finance 2 SAS	France					Full		
Sirocco Investments SA	Luxembourg		4					
SNC Atargatis	France					Full		
SNC Compagnie Investissement Italiens	France	2				Full		

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SNC Compagnie Investissement Opéra	France	2				Full		
SNC Méditerranéa	France					Full		
St Maarten CDO Limited	Cayman Islands		4					
Sunny Funding Limited	Cayman Islands					Full		
Swallow Flight Limited	Ireland					Full		
Tender Option Bond Municipal program	U.S.A					Full		
Thunderbird Investments PLC	Ireland					Full		
Other Business Units								
Private Equity (BNP Paribas Capital)								
Clairville	Belgium			5				
Cobema	Belgium					Full	100.00%	100.00%
Cobepa Technology	Belgium			5				
Compagnie Financière Ottomane	Luxembourg					Full	96.83%	96.83%
Erbe	Belgium					Equity	47.01%	47.01%
Evalis	France	4						
Gepeco	Belgium					Full	100.00%	100.00%
Paribas Participation Limitee	Canada					Full	100.00%	100.00%
Property companies (property used in operations)								
Capefi	France	5						
Compagnie Immobiliere de France	France	5						
Ejesur	Spain					Full	100.00%	100.00%
SAS 5 Avenue Kleber	France				5			
SAS 37 La Perouse	France				5			
SAS Foncière de la Compagnie Bancaire	France					Full	100.00%	100.00%
SAS Noria	France					Full	100.00%	100.00%
SCI Immobilière Marché Saint-Honoré	France					Full	100.00%	100.00%
Société d'Etudes Immobilières de Constructions - Setic	France					Full	100.00%	100.00%
Antin Participation 4	France		5					
Antin Participation 5	France					Full	100.00%	100.00%

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Investment companies and other subsidiaries								
Antin Participation 15	France		5					
Ardi Immo	Luxembourg			2		Full	15	100.00%
BNL International Investment SA	Luxembourg					Full		100.00%
BNL Multiservizi SRL	Italy	7				Equity	12	100.00%
BNP Paribas Covered Bonds (*)	France					Full		100.00%
BNP Paribas de Réassurance au Luxembourg	Luxembourg					Full	15	100.00%
BNP Paribas International BV	Netherlands					Full		100.00%
BNP Paribas Méditerranée Innovation & Technologies	Morocco		2			Full		100.00%
BNP Paribas Partners for Innovation (Groupe)	France					Equity		50.00%
BNP Paribas UK Treasury Limited	UK					Full		100.00%
Compagnie Bancaire UK Fonds B	UK			4				
Compagnie d'Investissements de Paris - C.I.P	France					Full		100.00%
Financière BNP Paribas	France					Full		100.00%
Financière Marché Saint Honoré	France					Full		100.00%
GIE Groupement Auxiliaire et de Moyens - GAM	France					Full		100.00%
Le Sphinx Assurances Luxembourg SA	Luxembourg					Equity	12	100.00%
Omnium Gestion Développement Immobilier	France					Full		100.00%
Placement, Gestion & Finance Holding - Plagefin	Luxembourg					Full		99.99%
Sagip	Belgium					Full		100.00%
Société Auxiliaire de Construction Immobilière - SACI	France					Full		100.00%
Société Française Auxiliaire - S.F.A.	France	5						
Société Orbaisienne de Participations	France	2				Full		100.00%
UCB Bail (*)	France					Full		100.00%
UCB Entreprises (*)	France					Full		100.00%
UCB Locabail immobilier (*)	France			7		Equity	12	100.00%
Verner Investissements (Groupe)	France					Equity		48.40%
Special Purpose Entities								
Antin Participation 7	France		5					
Antin Participation 13	France		5					
BNP Paribas Capital Trust LLC 1 - 3 - 4 - 6	U.S.A					Full		
BNP Paribas Capital Trust LLC 5	U.S.A	4						
BNP Paribas US Medium Term Notes Program	U.S.A					Full		
BNP Paribas US Structured Medium Term Notes LLC	U.S.A					Full		
BNP US Funding LLC	U.S.A		4					

Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)
Vela Mortgages SRL	Italy			2		Full		
Klépierre								
Akciova Spolocnost Arcol	Slovakia					Full	100.00%	53.10%
Ségécé Slovensko sro (ex AMAC Sro)	Slovakia					Full	100.00%	53.10%
Amanda Storsenter AS	Norway				1	Full	100.00%	29.79%
AMC - Prague SRO	Czech Republic		5					
Anpartsselskabet af 18. september 2007	Denmark				1	Full	100.00%	29.79%
Arken Drift AS	Norway				1	Prop.	49.90%	14.87%
Arken Holding AS	Norway				1	Full	100.00%	29.79%
Åsane Storsenter DA	Norway				1	Prop.	49.90%	14.87%
Besloten Vennotschap Capucine BV	Netherlands					Full	100.00%	53.10%
Bestes	Czech Republic					Full	99.00%	52.57%
BPSA 10	Portugal				2	Prop.	50.00%	26.55%
Bruun's Galleri ApS	Denmark				1	Full	100.00%	29.79%
Bryggen, Vejle A/S	Denmark				1	Full	100.00%	29.79%
Camato AS	Norway				1	Full	100.00%	29.79%
Carré Jaude 2	France			2		Full	100.00%	53.10%
Clivia SPA	Italy			1		Prop.	50.00%	26.55%
Corvin Retail	Hungary		1			Full	100.00%	53.10%
Detaljhandelshuset i Hyllinge AB	Sweden				1	Full	100.00%	29.79%
Down Town Drift AS	Norway				1	Full	100.00%	29.79%
Duna Plaza Offices z.o.o	Hungary	2				Full	100.00%	53.10%
Ejendomsselskabet Klampenborgvej I/S	Denmark				1	Prop.	50.00%	14.89%
Entertainment Plaza	Czech Republic					Full	100.00%	53.10%
Entreprenorselskabet af 10.04.2001 P/S	Denmark				1	Full	100.00%	29.79%
FAB Allum	Sweden				1	Full	100.00%	29.79%
FAB Borlange KöIPentrum	Sweden				1	Full	100.00%	29.79%
FAB Centrum Vasterort	Sweden				1	Full	100.00%	29.79%
FAB CentrumInvest	Sweden				1	Full	100.00%	29.79%
FAB Emporia	Sweden				1	Full	100.00%	29.79%

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FAB Hageby Centrum	Sweden				1	Full	100.00%	29.79%
FAB Lantmateribacken	Sweden				1	Full	100.00%	29.79%
FAB Marieberg Centrum	Sweden				1	Full	100.00%	29.79%
FAB Molndal Centrum	Sweden				1	Full	100.00%	29.79%
FAB Overby KolPentrum	Sweden				1	Full	100.00%	29.79%
FAB P Akanten	Sweden				1	Full	100.00%	29.79%
FAB P Brodalen	Sweden				1	Full	100.00%	29.79%
FAB P Porthalla	Sweden				1	Full	100.00%	29.79%
FAB Sollentuna Centrum	Sweden				1	Full	100.00%	29.79%
FAB Uddevallatorpet	Sweden				1	Full	100.00%	29.79%
FAB Viskaholm	Sweden				1	Full	100.00%	29.79%
Farmandstredet ANS	Norway				1	Full	100.00%	29.79%
Farmandstredet Eiendom AS	Norway				1	Full	100.00%	29.79%
Farmanstredet Drift AS	Norway				1	Full	100.00%	29.79%
Fayesgate 7 Eiendom AS	Norway				1	Full	100.00%	29.79%
Fields Copenhagen I/S	Denmark				1	Full	100.00%	29.79%
Field's Eier I ApS	Denmark				1	Full	100.00%	29.79%
Field's Eier II A/S	Denmark				1	Full	100.00%	29.79%
Fritzoe Brygge Drift AS	Norway				1	Full	100.00%	29.79 %
Galleries Dranceennes	France				2	Full	100.00%	53.10%
GIE Klépierre Services	France			5				
Grytingen Nya AB	Sweden				1	Prop.	64.79%	19.30%
Gulskogen Prosjekt & Eiendom AS	Norway				1	Full	100.00%	29.79 %
Gulskogen Senter ANS	Norway				1	Full	100.00%	29.79%
Hamar Panorama AS	Norway				1	Full	100.00%	29.79 %
Hamar Storsenter AS	Norway				1	Full	100.00%	29.79 %
Hamar Storsenterdrift AS	Norway				1	Full	100.00%	29.79 %
Holmen Senterdrift AS	Norway				1	Full	100.00%	29.79%
Hovlandbanen AS	Norway				1	Full	100.00%	29.79%
I G C SPA	Italy					Prop.	50.00%	26.55%
ICD SPA	Luxembourg					Full	100.00%	53.10%
Immo Dauland	France			1		Full	100.00%	44.61%
K2 Fund	Italy			2		Full	85.00%	45.14%
Karl Johansgate 16 AS	Norway				1	Full	100.00%	29.79%
Kleaveiro Imobiliaria SA	Portugal			2		Full	100.00%	53.10%
Klecar Italia SPA	Italy					Full	100.00%	44.07%
Klefin Italia SPA	Italy					Full	100.00%	53.10%
Klépierre Corvin	Hungary		2			Full	100.00%	53.10%
Klépierre Creteil	France				2	Full	100.00%	53.10%
Klépierre CZ SRO	Czech Republic					Full	100.00%	53.10%
Klépierre Galiera Krakow	Poland		2			Full	100.00%	53.10%
Klépierre Galiera Poznan	Poland		2			Full	100.00%	53.10%
Klépierre Krakow SP z.o.o	Poland					Full	100.00%	53.10%
Klépierre Larissa Limited	Greece	2				Full	100.00%	53.10%
Klépierre Lublin	Poland	2				Full	100.00%	53.10%
Klépierre Luxembourg	Luxembourg	2				Full	100.00%	53.10%

Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)
Klépierre Matera	Italy			2		Full	100.00%	53.10%
Klépierre Meteores (ex Leg II Hellenic Holdings)	Luxembourg	2				Full	100.00%	53.10%
Klépierre Nordica BV	Netherlands				2	Full	100.00%	53.10%
Klépierre Novo	Czech Republic				5			
Klépierre Plzen	Czech Republic			2		Full	100.00%	53.10%
Klépierre Poznan SP z.o.o	Poland					Full	100.00%	53.10%
Klépierre Rybnik	Poland	2				Full	100.00%	53.10%
Klépierre Sadyba SP z.o.o	Poland					Full	100.00%	53.10%
Klépierre Sosnowiec	Poland	2				Full	100.00%	53.10%
Klépierre Tourville	France				2	Full	100.00%	53.10%
Klépierre Trading Energia Kereskedelmi es Szolgaltato KFT	Poland			1		Full	100.00%	53.10%
Klépierre Warsaw Sp z.o.o	Poland	2				Full	100.00%	53.10%
Krakow Plaza SP z.o.o	Poland					Full	100.00%	53.10%
Krokstadelva Senterdrift AS	Norway				1	Full	100.00%	29.79%
KS Down Town Senter	Norway				1	Full	100.00%	29.79%
KS Down Town Senter II	Norway				1	Full	100.00%	29.79%
KS Markedet	Norway				1	Full	100.00%	29.79%
Kvadrat Drift AS	Norway				1	Full	100.00%	29.79%
La Marquayssonne	France		1			Full	100.00%	40.26%
Les Boutiques de Saint Maximin	France	1		7		Equity	42.50%	22.57%
Lille Eiendom AS	Norway				1	Full	66.00%	19.66%
Lokketangen Torv AS	Norway				1	Full	100.00%	29.79%
Markedet Drift AS	Norway				1	Full	100.00%	29.79%
Masscenter Torp AB	Sweden				1	Full	100.00%	29.79%
Metro Drift AS	Norway				1	Full	100.00%	29.79%
Metro Senter ANS	Norway				1	Prop.	50.00%	14.89%
Mitt i City i Karlstad FAB	Sweden				1	Full	100.00%	29.79%
Molndal Centrum Byggnads FAB	Sweden				1	Full	100.00%	29.79%
Mosseporten Drift AS	Norway				1	Full	100.00%	29.79%
Movement Poland SA	Poland		1			Full	100.00%	53.10%
Nerstranda AS	Norway				1	Full	100.00%	29.79%
Nerstranda Drift AS	Norway				1	Full	100.00%	29.79%
Noblespecialiste	France		1			Full	100.00%	40.26%

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15. Entities consolidated under the equity method for prudential purpose.

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Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)
Nordal ANS	Norway				1	Prop.	50.00%	14.89%
Nordbyen Senterforening AS	Norway				1	Full	69.20%	20.61%
Nordica Holdco AB	Sweden				2	Full	56.10%	29.79%
Norsk Automatdrift AS	Norway				1	Full	100.00%	29.79%
Norsk Kjøpesenterforvaltning AS	Norway				1	Full	100.00%	29.79%
NorthMan Suède AB	Sweden				1	Full	100.00%	29.79%
Novak Eiendom AS	Norway				1	Full	100.00%	29.79%
Okern Eiendom ANS	Norway				1	Prop.	50.00%	14.89%
Okern Holding AS	Norway				1	Full	100.00%	29.79%
Okern Sentrum Ans	Norway				1	Prop.	50.00%	14.89%
Okern Sentrum AS	Norway				1	Prop.	50.00%	14.89%
Okern Sentrum Drift AS	Norway				1	Full	100.00%	29.79%
Os Alle 3 AS	Norway				1	Full	100.00%	29.79%
Os Alle Drift AS	Norway				1	Full	100.00%	29.79%
Ostfoldhallen Drift AS	Norway				1	Full	100.00%	29.79%
Partille Lexby AB	Sweden				1	Full	100.00%	29.79%
Pilsen Plaza	Czech Republic				2	Full	100.00%	53.10%
Progest	France	1				Full	100.00%	53.10%
Projektselskabet af 10.04.2001 ApS	Denmark				1	Full	100.00%	29.79%
Restorens	France		1			Full	100.00%	40.36%
Ruda Slaska Plaza SP z.o.o	Poland					Full	100.00%	53.10%
Rybnik Plaza SP z.o.o	Poland	2				Full	100.00%	53.10%
SA Cap Nord	France	1		5				
SA Cinéma de l'Esplanade	Belgium					Full	100.00%	53.10%
SA Coimbra	Belgium					Full	100.00%	53.10%
SA Delcis CR	Czech Republic			5				
SA Devimo Consult	Belgium			3				
SA Finascente	Portugal		6			Full	100.00%	53.10%
SA Foncière de Louvain la Neuve	Belgium					Full	100.00%	53.10%
SA Galera Parque Nascente	Portugal		6			Full	100.00%	53.10%
SA Gondobrico	Portugal		6			Full	100.00%	53.10%
SA Klecar Foncier Espana	Spain					Full	100.00%	44.07%
SA Klecar Foncier Iberica	Spain					Full	100.00%	44.07%
SA Klege Portugal	Portugal				2	Prop.	50.00%	26.55%
SA Klelou Immobiliare	Portugal					Full	100.00%	53.10%
SA Kleminho	Portugal					Full	100.00%	53.10%
SA Klenor Immobiliaria	Portugal					Full	100.00%	53.10%
SA Klépierre	France					Full	57.31%	53.10%
SA Klépierre Athinon AE	Greece					Full	100.00%	44.07%
SA Klépierre Foncier Makedonia	Greece					Full	100.00%	44.07%
SA Klépierre NEA Efkarpiá AE	Greece					Full	100.00%	44.07%
SA Klépierre Peribola Patras AE	Greece					Full	100.00%	44.07%
SA Klépierre Portugal SGPS	Portugal					Full	100.00%	53.10%
SA Klépierre Vallecás	Spain					Full	100.00%	53.10%

Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)
SA Klépierre Vinaza	Spain					Full	100.00%	53.10%
SA Kletel Immobiliaria	Portugal					Full	100.00%	53.10%
SA Place de l'accueil	Belgium					Full	100.00%	53.10%
SA Poznan Plaza	Poland					Full	100.00%	53.10%
SA Reze Sud	France	1				Equity	15.00%	7.97%
SA Sadyba Center	Poland					Full	100.00%	53.10%
Sandens Drift AS	Norway				1	Full	100.00%	29.79%
SARL Belvedere Invest	France	1				Full	75.00%	39.83%
SARL Bois des Fenêtres	France		1			Equity	20.00%	10.62%
SARL Csepel 2002	Hungary					Full	100.00%	53.10%
SARL Debrecen 2002	Hungary					Full	100.00%	53.10%
SARL Duna Plaza	Hungary					Full	100.00%	53.10%
SARL Effe Kappa	Italy			6		Full	100.00%	53.10%
SARL Forwing	France	1				Full	90.00%	47.79%
SARL Galiera Commerciale Assago	Italy					Full	100.00%	53.10%
SARL Galiera Commerciale Cavallino	Italy					Full	100.00%	53.10%
SARL Galiera Commerciale Collegno	Italy					Full	100.00%	53.10%
SARL Galiera Commerciale Klépierre	Italy					Full	100.00%	53.10%
SARL Galiera Commerciale Seravalle	Italy					Full	100.00%	53.10%
SARL Galiera Commerciale Solbiate	Italy					Full	100.00%	53.10%
SARL Gyor 2002	Hungary					Full	100.00%	53.10%
SARL Holding Klege	Luxembourg				2	Prop.	50.00%	26.55%
SARL Immobiliare Magnolia	Luxembourg					Full	100.00%	53.10%
SARL Kanizsa 2002	Hungary					Full	100.00%	53.10%
SARL Kaposvar 2002	Hungary					Full	100.00%	53.10%
SARL Miskolc 2002	Hungary					Full	100.00%	53.10%
SARL Novate	Luxembourg					Full	100.00%	53.10%
SARL Nyiregyhaza Plaza	Hungary					Full	100.00%	53.10%
SARL Proreal	France	1				Full	51.00%	27.08%
SARL Szeged Plaza	Hungary					Full	100.00%	53.10%
SARL Szolnok Plaza	Hungary					Full	100.00%	53.10%
SARL Uj Alba	Hungary					Full	100.00%	53.10%
SARL Zalaegerszeg Plaza	Hungary					Full	100.00%	53.10%

⁽¹⁾ French subsidiaries whose regulatory supervision falls within the scope of the consolidated Group, in accordance with article 4.1 of CRBF regulation 2000.03.

(A) Movements for 6 months to 30 June 2007.

(B) Movements for 6 months to 31 December 2007.

1. Acquisition.
2. Entity newly incorporated or passing qualifying threshold.
3. Disposal.
4. Deconsolidation.
5. Merger between consolidated entities.
6. Change of method - Proportionate method to full consolidation.
7. Change of method - Full consolidation to equity method.
8. Change of method - Equity method to full consolidation.

(C) Movements for 6 months to 30 June 2008.

(D) Movements for 6 months to 31 December 2008.

9. Change of method - Full consolidation to proportionate method.
10. Change of method - Equity method to proportionate method.
11. Reconsolidation.
12. Entities consolidated using a simplified equity method (non-material).
13. Business transfers due to the creation of Italian retail banking segment.
14. Entities excluded from prudential scope of consolidation.
15. Entities consolidated under the equity method for prudential purpose.

Notes to the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)
SAS 5 Turin	France		5					
SAS CB Pierre	France					Full	100.00%	53.10%
SAS Cecobil	France					Prop.	50.00%	26.55%
SAS Cecoville	France					Full	100.00%	53.10%
SAS Centre Jaude Clermont	France					Full	100.00%	53.10%
SAS Espace Cordeliers	France		3					
SAS Holding Gondomar 1	France					Full	100.00%	53.10%
SAS Holding Gondomar 2	France		1		5			
SAS Holding Gondomar 3	France					Full	100.00%	53.10%
SAS Holding Gondomar 4	France		1			Full	100.00%	53.10%
SAS KLE 1	France					Full	100.00%	53.10%
SAS Kle Projet 1	France	1				Full	100.00%	53.10%
SAS Kle Projet 2	France	2				Full	100.00%	53.10%
SAS Klecapnor	France	2				Full	100.00%	44.66%
SAS Klecar Participations Italie	France					Full	83.00%	44.07%
SAS Klépierre Finance	France					Full	100.00%	53.10%
SAS Klépierre Participations et Financements	France					Full	100.00%	53.10%
SAS Klépierre Pologne	Poland					Full	100.00%	53.10%
SAS Le Havre Capelet	France		5					
SAS Le Havre Tourneville	France		5					
SAS LP7	France					Full	100.00%	53.10%
SAS Odysseum Place de France	France					Prop.	50.00%	26.55%
SAS Opale	France		5					
SAS Poitiers Alienor	France			5				
SAS Soaval	France				6	Full	100.00%	53.10%
SAS Socoseine	France	4						
SAS Vannes Coutume	France		2			Full	100.00%	53.10%
SC Centre Bourse	France					Full	100.00%	53.10%
SC Solorec	France					Full	80.00%	42.48%
SCA Klemurs	France					Full	84.11%	44.66%
SCI Acheres 2000	France	1				Equity	30.00%	15.93%
SCI Albert 31	France				2	Full	100.00%	44.07%
SCI Aulnes Développement	France	1				Full	50.00%	13.28%
SCI Bassin Nord	France					Prop.	50.00%	26.55%
SCI Beausevran	France					Full	100.00%	44.07%
SCI Bègles Papin	France					Full	100.00%	53.10%
SCI Besançon Chalezeule	France		1			Full	100.00%	53.10%
SCI Champs de Mais	France	2				Equity	40.00%	21.24%
SCI Champs des Haies	France	2			6	Full	60.00%	31.86%
SCI Combault	France					Full	100.00%	53.10%
SCI Des Dunes	France	1				Prop.	50.00%	26.55%
SCI Des Salines	France	1				Prop.	50.00%	26.55%
SCI Du Plateau	France	1				Equity	30.00%	12.74%
SCI Edamarzy	France			1		Full	100.00%	53.10%
SCI Girardin	France	1				Prop.	33.40%	17.74%
SCI Haies Hautes Pommeraié	France	1			8	Full	53.00%	28.14%

CONSOLIDATED FINANCIAL STATEMENTS

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Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)
SCI Halles Plerin	France	1			4			
SCI Immobilière de la Pommeraiie	France	2				Prop.	50.00%	26.55%
SCI La Française	France	1				Prop.	50.00%	26.55%
SCI La Plaine du Moulin à vent	France					Prop.	50.00%	26.55%
SCI La Rive	France	1				Full	47.30%	25.12%
SCI La Rocade	France	1				Equity	38.00%	20.18%
SCI La Rocade Ouest	France	1				Equity	36.73%	19.50%
SCI La Roche Invest	France		2	8		Full	100.00%	53.10%
SCI LC	France	2				Full	60.00%	19.12%
SCI Le Grand Pré	France	1			6	Full	60.00%	31.86%
SCI Le Mais	France	2				Full	60.00%	31.86%
SCI l'Emperi	France	1				Equity	15.00%	7.97%
SCI Les Bas Champs	France	1				Prop.	50.00%	26.55%
SCI Les Boutiques d'Osny	France	1				Full	67.00%	20.32%
SCI Les Roseaux	France	2	5					
SCI Maximeuble	France	1				Full	100.00%	53.10%
SCI Osny Invest	France	1				Full	57.12%	30.33%
SCI Plateau de Plerin	France	1			4			
SCI Plateau des Haies	France	1				Full	90.00%	47.79%
SCI Pommeraiie Parc	France	2			6	Full	60.00%	31.86%
SCI Rebecca	France	1				Full	70.00%	37.17%
SCI Saint Maximin Construction	France	1			6	Full	55.00%	29.21%
SCI Sandri-Rome	France	1				Equity	15.00%	7.97%
SCI Secovalde	France					Full	55.00%	29.21%
SCI Sogegamar	France	1				Equity	33.12%	17.59%
SCS Begles Arcins	France					Prop.	50.00%	26.55%
SCS Klecar Europe Sud	France					Full	83.00%	44.07%
SCS Ségécé	France					Full	100.00%	53.10%
Ségécé Ceska Republika (ex SRO FMC Central Europe)	Czech Republic					Full	100.00%	53.10%
Ségécé Espana (ex SL Centros Shopping Gestion)	Spain					Full	100.00%	53.10%
Ségécé Hellas Réal Estate Management	Greece					Full	100.00%	53.10%
Ségécé India Private Limited	India					Full	100.00%	53.10%
Ségécé Italia (ex SARL P S G)	Italy					Full	100.00%	53.10%

⁽¹⁾ French subsidiaries whose regulatory supervision falls within the scope of the consolidated Group, in accordance with article 4.1 of CRBF regulation 2000.03.

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8. Change of method - Equity method to full consolidation.

(C) Movements for 6 months to 30 June 2008.

(D) Movements for 6 months to 31 December 2008.

9. Change of method - Full consolidation to proportionate method.
10. Change of method - Equity method to proportionate method.
11. Reconsolidation.
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Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)
Ségécé Magyarország	Hungary				,	Full	100.00%	53.10%
Ségécé Polska	Poland					Full	100.00%	53.10%
Ségécé Portugal (ex SA Sogecaec)	Portugal					Full	100.00%	53.10%
Senterdrift Asane Senter AS	Norway				1	Prop.	49.90%	14.87%
Sjosiden AS	Norway				1	Full	100.00%	29.79%
Sjosiden Drift AS	Norway				1	Full	100.00%	29.79%
Skarer Stormarked AS	Norway				1	Full	100.00%	29.79%
SNC Angoumars	France					Full	100.00%	53.10%
SNC Foncière Saint Germain	France					Full	100.00%	53.10%
SNC Galae	France					Full	100.00%	53.10%
SNC General Leclerc 11-11bis Levallois	France					Full	100.00%	53.10%
SNC Gier Services Entreprises – GSE	France	2	5					
SNC Jardins des Princes	France					Full	100.00%	53.10%
SNC KC 1 à 12	France					Full	100.00%	44.07%
SNC KC20	France					Full	100.00%	44.07%
SNC Kleber la Perouse	France					Full	100.00%	53.10%
SNC Klecar France	France					Full	83.00%	44.07%
SNC Klegestion	France			5				
SNC Klépierre Conseil	France					Full	100.00%	53.10%
SNC Kletransactions	France					Full	100.00%	53.10%
SNC Le Barjac Victor	France					Full	100.00%	53.10%
SNC Le Havre Lafayette	France					Prop.	50.00%	26.55%
SNC Le Havre Vauban	France					Prop.	50.00%	26.55%
SNC Parc de Coquelles	France	1				Prop.	50.00%	26.55%
SNC Pasteur	France					Full	100.00%	53.10%
SNC Ségécé Loisirs Transactions	France			5				
SNC Soccendre	France					Full	100.00%	53.10%
SNC Société des Centres d'Oc et d'Oil – SCOO	France					Full	79.94%	42.45%
SNC Sodevac	France					Full	100.00%	53.10%
SNC Sodirev	France		1			Full	100.00%	40.26%
Société des Centres Toulousains	France		1			Full	100.00%	64.45%
Sosnowiec Plaza z.o.o	Pologne	2				Full	100.00%	53.10%
SSI Amanda Senterdrift AS	Norway				1	Full	100.00%	29.79%
SSI Gulsbogen Senterdrift AS	Norway				1	Full	100.00%	29.79%
SSI Lillestrom Senterdrift AS	Norway				1	Full	100.00%	29.79%
SSI Lillestrom Torv AS	Norway				1	Full	100.00%	29.79%
SST Stavanger Drift AS	Norway				1	Full	100.00%	29.79%
Stavanger Storsenter AS	Norway				1	Full	100.00%	29.79%
Steen & Strøm ASA	Norway				2	Full	100.00%	29.79%
Steen & Strøm CenterDrift A/S	Denmark				1	Full	100.00%	29.79%
Steen & Strøm Centerudvikling IV A/S	Denmark				1	Full	100.00%	29.79%
Steen & Strøm Centerudvikling V A/S	Denmark				1	Full	100.00%	29.79%

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Name	Country	(A)	(B)	(C)	(D)	Method	Group voting interest (%)	Group ownership interest (%)
Steen & Strøm CenterUdvikling VI A/S	Denmark				1	Full	100.00%	29.79%
Steen & Strøm CenterUdvikling VII A/S	Denmark				1	Full	100.00%	29.79%
Steen & Strøm Danmark A/S	Denmark				1	Full	100.00%	29.79%
Steen & Strøm Drammen AS	Norway				1	Full	100.00%	29.79%
Steen & Strøm Drift AS	Norway				1	Full	100.00%	29.79%
Steen & Strøm Eiendomsforvaltning AS	Norway				1	Full	100.00%	29.79%
Steen & Strøm Holding AB	Sweden				1	Full	100.00%	29.79%
Steen & Strøm Holding AS	Denmark				1	Full	100.00%	29.79%
Steen & Strøm Invest AS	Norway				1	Full	100.00%	29.79%
Steen & Strøm Narvik AS	Norway				1	Full	100.00%	29.79%
Steen & Strøm Norge AS	Norway				1	Full	100.00%	29.79%
Steen & Strøm Norge Største Senterkjede AS	Norway				1	Full	100.00%	29.79%
Steen & Strøm Senterservice AS	Norway				1	Full	100.00%	29.79%
Steen & Strøm Suède AB	Sweden				1	Full	100.00%	29.79%
Storm Holding Norway AS	Norway				2	Full	100.00%	29.79%
Stovner Senter AS	Norway				1	Full	100.00%	29.79%
Stovner Senter Holding AS	Norway				1	Full	100.00%	29.79%
Stovner Senterdrift AS	Norway				1	Full	100.00%	29.79%
Svenor AS	Norway				1	Full	100.00%	29.79%
Tillertorget Drift AS	Norway				1	Full	100.00%	29.79%
Torvbyen Drift AS	Norway				1	Full	38.00%	11.32%
Torvbyen Senter AS	Norway				1	Full	100.00%	29.79%
Torvbyen Utvikling AS	Norway				1	Full	100.00%	29.79%
Torvhjørnet Lillestrom ANS	Norway				1	Full	100.00%	29.79%
Vastra Torp Mark AB	Sweden				1	Full	100.00%	29.79%
Vintebro Senter DA	Norway				1	Full	100.00%	29.79%
Vintebro Eiendomsdrift AS	Norway				1	Full	100.00%	29.79%

⁽¹⁾ French subsidiaries whose regulatory supervision falls within the scope of the consolidated Group, in accordance with article 4.1 of CRBF regulation 2000.03.

(A) Movements for 6 months to 30 June 2007.

(B) Movements for 6 months to 31 December 2007.

1. Acquisition.
2. Entity newly incorporated or passing qualifying threshold.
3. Disposal.
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5. Merger between consolidated entities.
6. Change of method - Proportionate method to full consolidation.
7. Change of method - Full consolidation to equity method.
8. Change of method - Equity method to full consolidation.

(C) Movements for 6 months to 30 June 2008.

(D) Movements for 6 months to 31 December 2008.

9. Change of method - Full consolidation to proportionate method.
10. Change of method - Equity method to proportionate method.
11. Reconsolidation.
12. Entities consolidated using a simplified equity method (non-material).
13. Business transfers due to the creation of Italian retail banking segment.
14. Entities excluded from prudential scope of consolidation.
15. Entities consolidated under the equity method for prudential purpose.

8.c BUSINESS COMBINATIONS

► BUSINESS COMBINATIONS IN THE YEAR ENDED 31 DECEMBER 2008

Acquired subsidiaries	Segment	Country	Acquired percentage	In millions of euros			Balance sheet key figure at the acquisition date ⁽²⁾			
				Acquisition price	Goodwill ⁽¹⁾	Net cash inflow			Assets	Liabilities
SREI Equipment Finance Private Limited	IRS	India	50%	136	69	(113)	Loans to customers	483	Amounts due to credit institutions	423
									Debt securities	85
Banco BGN	IRS	Brazil	100%	318	240	(75)	Loans to customers	617	Amounts due to credit institutions	338
									Customers demand accounts	250
Groupe Steen & Strøm	Other activities	Norway, Sweden and Denmark	56.1%	628	-	(578)	Investment property	2,849	Amounts due to credit institutions	1,478
Bank of America's prime brokerage business	CIB	United States	100%	455	176	480	Financial assets at fair value through profit or loss	28,973	Financial assets at fair value through profit or loss	12,537
							Loans to customers	6,005	Amounts due to credit institutions	2,551
									Customers demand accounts	19,142

⁽¹⁾ In euro equivalent value at the year-end.

⁽²⁾ Provisional data in market value or equivalent.

SREI Equipment Finance Private Limited (IRS)

In April 2008, BNP Paribas Lease Group, a subsidiary of BNP Paribas, acquired 50% of the capital of Indian infrastructure financing company SREI Equipment Finance Private Limited, which was proportionately consolidated in the second half of 2008. Its contribution to the BNP Paribas Group's net income was not material in 2008.

Banco BGN

In October 2008, BNP Paribas SA acquired 100% of Banco BGN, a leading supplier of consumer credit in Brazil with some one hundred branches plus approximately one thousand banking correspondents throughout the country, and a portfolio of 600,000 customers.

Banco BGN was consolidated as of its acquisition date. Its contribution to the BNP Paribas Group's net income was not material in 2008.

Steen & Strøm Group

In October 2008, Klépierre, a subsidiary of BNP Paribas, acquired 56.1% of the Steen & Strøm Group, Scandinavia's leading integrated shopping centre investor. The Steen & Strøm Group comprises 120 companies, including 77 in Norway, 27 in Sweden and 16 in Denmark.

The Steen & Strøm Group was consolidated as of its acquisition date (111 entities fully consolidated and 9 proportionately consolidated). The excess of cost over the book value of the underlying assets acquired was allocated in full to fair value adjustments to property assets. The Steen & Strøm Group's contribution to the BNP Paribas Group's net income was not material in 2008.

Bank of America's prime brokerage business

In September 2008, BNP Paribas SA acquired the Bank of America's prime brokerage business, which provides a broad range of services to hedge funds, including secured financing, settlement/delivery and custody of securities, stock lending, investor presentations and customised information technology solutions.

These activities are primarily housed within two subsidiaries, BNP Paribas Prime Brokerage Inc and BNP Paribas Prime Brokerage International Ltd, which were consolidated as of their acquisition date. Their contribution to the BNP Paribas Group's net income was not material in 2008.

► **BUSINESS COMBINATIONS IN THE YEAR ENDED 31 DECEMBER 2007**

Acquired subsidiaries	Segment	Country	Acquired percentage	Acquisition price	Goodwill ⁽¹⁾	Net cash inflow	In millions of euros			
							Balance sheet key figure at the acquisition date ⁽²⁾			
							Assets		Liabilities	
Sahara Bank LSC	IRBFS	Libya	19%	146	106	(146)	Loans to customers and loans due from credit institutions and amounts due from central banks	3,255 ⁽³⁾	Customers demand accounts	2,525 ⁽³⁾
BNP Paribas Personal Finance AED (ex JetFinance International)	IRBFS	Bulgaria	100%	172	172	(172)	Loans to customers	73	Bond issues	79
							Loans due from credit institutions	124	Amounts due to credit institutions	38
Banque Privée Anjou	AMS and French Retail Banking	France	100%	183	68	(78)	and loans to customers	273	and customers demand accounts	277
RBS International Securities Services Limited	AMS	United Kingdom	100%	174	124	(174)	Loans due from credit institutions	2,580	Customers demand accounts	2,811
Exelbank	AMS	Spain	100%	65	39	(65)	Loans due from credit institutions	413	Customers demand accounts	391

⁽¹⁾ In euro equivalent value at the year-end 31 December 2007.

⁽²⁾ Provisional data in market value or equivalent.

⁽³⁾ At historical cost.

Sahara Bank LSC

In September 2007, BNP Paribas SA acquired 19% of the capital of Sahara Bank, a full-service bank with 1,500 employees and a market share of 17% in loans and 22% in deposits in Libya. This subsidiary has been consolidated since the fourth quarter of 2007. Sahara Bank's contribution to BNP Paribas' net income was not material in 2007.

The main shareholder of Sahara Bank LSC, the Social and Economic Development Fund, transferred operational control of the bank to BNP Paribas at the date BNP Paribas acquired its 19% interest. Under the shareholders' agreement between the Social and Economic Development Fund and BNP Paribas, the Group may appoint the majority of the members of the Board of Directors, thereby granting it control over the management of Sahara Bank. BNP Paribas also has a call option exercisable after three to five years on 32% of Sahara Bank's capital. If exercised, BNP Paribas would own a majority stake of 51%.

Sahara Bank LSC was accounted for by the equity method in the BNP Paribas Group's 2007 consolidated financial statements and has been fully consolidated since 1 January 2008.

BNP Paribas Personal Finance AED (formerly JetFinance International)

In November 2007, Cetelem S.A. acquired all of the shares of BNP Paribas Personal Finance AED, the leading supplier of consumer credit in Bulgaria, with a network of 3,600 outlets and a portfolio of 500,000 customers.

This subsidiary has been consolidated since the acquisition date. Its contribution to the BNP Paribas Group's net income was not material in 2007.

BNP Paribas Personal Finance AED was accounted for by the equity method in the Group's 2007 consolidated financial statements and has been fully consolidated since 1 January 2008.

Banque Privée Anjou

In May 2007, BNP Paribas SA acquired the entire capital of Dexia Banque Privée France, subsequently renamed Banque Privée Anjou. Banque Privée Anjou manages over EUR 2.2 billion in assets, mainly for individual clients and not-for-profit organisations.

This subsidiary has been consolidated since the acquisition date. The contribution of Banque Privée Anjou to the BNP Paribas Group's net income was not material in 2007.

As Banque Privée Anjou transferred all of its assets and liabilities to BNP Paribas SA on 28 December 2007, from that date it was no longer recognised as a consolidated subsidiary of BNP Paribas.

RBS International Securities Services Limited

In June 2007, BNP Paribas acquired the entire capital of RBS International Securities Services Limited. RBS International Securities Services Limited offers global custody, fund administration and corporate trustee services to fund managers and private asset managers in the offshore markets of Jersey, Guernsey and the Isle of Man. It has over EUR 44 billion of assets in custody and EUR 9 billion in assets under administration.

RBS International Security Services was consolidated in the second half of 2007. Its contribution to the BNP Paribas Group's net income was not material in 2007.

Exelbank

In June 2007, BNP Paribas Securities Services, a subsidiary of BNP Paribas, acquired the entire capital of Exelbank. This Spanish bank offers settlement-delivery, custody and depositary services and private banking outsourcing services.

This subsidiary has been consolidated since the second half of 2007. Exelbank's contribution to the BNP Paribas Group's net income was not material in 2007.

Exelbank merged with the Spanish branch of BNP Paribas Securities Services in October 2007, the retrospective value date with regard to its acquisition by the BNP Paribas Group.

8.d REMUNERATION AND BENEFITS AWARDED TO THE GROUP'S CORPORATE OFFICERS

Remuneration and benefits policy relating to the Group's corporate officers

Remuneration paid to the Group's corporate officers ⁽¹⁾

The remuneration paid to the Group's corporate officers is determined by the method recommended by the Compensation Committee and approved by the Board of Directors.

This remuneration comprises both a fixed and a variable component, the levels of which are determined using market benchmarks established by firms specialised in surveys of executive remuneration in the European banking sector.

The variable component is determined by reference to a basic bonus which is calculated as a proportion of the officer's fixed remuneration and varies in line with Group performance criteria as well as the attainment of personal objectives.

Group performance criteria account for 70% of the basic bonus and are used to calculate the corresponding portion of the variable remuneration based on the change in the relevant indicators.

- Chairman and Chief Executive Officer
 - Change in earnings per share (35% of basic bonus);
 - Achievement of budgeted Group gross operating income (35% of basic bonus).
- Chief Operating Officers
 - Change in earnings per share (17.5% of basic bonus);
 - Achievement of budgeted Group gross operating income (17.5% of basic bonus);
 - Change in net income before tax of businesses for which they are responsible (17.5% of basic bonus);
 - Achievement of budgeted gross operating income of businesses for which they are responsible (17.5% of basic bonus).

Personal objective-based criteria concern managerial performance as assessed by the Board of Directors. The Board's assessment is made in view of the foresight, decision-making and leadership skills shown by the officer in implementing the Group's strategy and preparing its future. These criteria are clearly defined and account for 30% of the basic bonus.

The variable component of corporate officers' remuneration is capped at a level set in proportion to the basic remuneration, and since 2005 has been paid in full during the following year.

The Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officers do not receive any remuneration from Group companies except BNP Paribas SA.

Post-employment benefits

Termination benefits ⁽²⁾

Corporate officers are not entitled to any contractual compensation on termination of office.

Retirement bonuses

Michel Pèbereau is not entitled to a retirement bonus. Baudouin Prot (Chief Executive Officer), Georges Chodron de Courcel and Jean-Laurent Bonnafé (Chief Operating Officers) are entitled under their employment contracts ⁽³⁾ to the standard retirement bonus benefits awarded to all BNP Paribas employees. Under this standard scheme, employees receive a bonus on retirement from the Group of up to 11.66 months' basic salary depending on their initial contractual position and length of service at their retirement date. The bonus is capped at EUR 14,112.

⁽¹⁾ AFEF-MEDEF corporate governance code (point 20-2).

⁽²⁾ AFEF-MEDEF corporate governance code (point 20-2-4).

⁽³⁾ Baudouin Prot's employment contract: see Chairman's report on corporate governance.

Pension plans ⁽¹⁾

- The defined benefit plans previously granted to executive managers of the Group who were formerly employed by BNP, Paribas or Compagnie Bancaire have all been converted into top-up type plans. The amounts allocated to the beneficiaries were fixed when the previous schemes were closed to new entrants.

A similar procedure was applied to Michel Pébereau (Chairman of the Board of Directors), Baudouin Prot (Chief Executive Officer) and Georges Chodron de Courcel (Chief Operating Officer). Pursuant to articles L. 137.11 and R. 137.16 of the French Social Security Code, these three corporate officers now belong to a contingent collective top-up pension plan. Under this plan, their pensions will be calculated (subject to their still being part of the Group on retirement) on the basis of the fixed and variable remuneration received in 1999 and 2000, with no possibility of acquiring any subsequent rights.

The amount of retirement benefits, including the pensions paid out by the general French Social Security scheme and the ARRCO and AGIRC top-up schemes, plus any additional banking industry pension arising from the industry-wide agreement that took effect on 1 January 1994 and pension rights acquired as a result of payments by the employer into top-up funded schemes, is capped at 50% of the above-mentioned remuneration amounts.

These retirement benefits will be revalued from 1 January 2002 until their actual payment date, based on the average annual rate of increase in pension benefits paid by the French Social Security, ARRCO and AGIRC schemes. The increase in potential pension rights for 2008 will be limited to the effects of this revaluation. On payment of the benefits, the top-up pensions will be equal to the differential between these revalued amounts and the pension benefits provided by the above-mentioned general and top-up schemes. Once the amount of these top-up benefits has been finally determined, the benefit will then be indexed to the growth rate in the benefit value per point under the AGIRC scheme.

These obligations were covered by provisions recorded by BNP or Paribas as appropriate. The amount of these provisions was adjusted when the legacy plans were closed and the obligations transferred to an external insurance company.

- The Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officers belong to the defined-contribution pension plan set up for all BNP Paribas SA employees, in accordance with article 83 of the French General Tax Code.

Welfare benefit plans

- The Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officers are entitled to the same flexible welfare benefits (death and disability cover) as all BNP Paribas SA employees.

- They are also entitled to the same benefits under the Garantie Vie Professionnelle Accidents death/disability cover plan as all BNP Paribas SA employees, and to the supplementary plan set up for members of the Group Executive Committee, which pays out additional capital of EUR 1.08 million in the event of work-related death or total and permanent disability.
- If Baudouin Prot or Georges Chodron de Courcel die before the age of 60, their heirs will receive compensation under an insurance policy. The premium applicable under this policy is paid by the Group and treated in accordance with the social security rules applicable to employers' contributions to top-up welfare schemes in France.

Remuneration due in respect of 2008, and remuneration paid in 2008

Michel Pébereau, Baudouin Prot and Georges Chodron de Courcel have decided to waive their rights to any variable compensation in respect of 2008. The Board of Directors has approved these decisions. The amounts in question, determined on an indicative basis in line with the remuneration policy for corporate officers described above, would have amounted to EUR 471,843 for Michel Pébereau, EUR 1,255,104 for Baudouin Prot and EUR 908,390 for Georges Chodron de Courcel. These amounts have been calculated by applying the rate of change in the indicators used, for each corporate officer, to calculate the portion of variable remuneration related to Group performance criteria to the portion related to the attainment of personal objectives.

The variable remuneration due to Jean-Laurent Bonnafé in respect of 2008 has been determined in line with the policy applicable to members of the Executive Committee for the period from 1 January 2008 to 31 August 2008. During this period, Jean-Laurent Bonnafé was responsible for French Retail Banking and BNL banca commerciale in Italy. Jean-Laurent Bonnafé has waived his rights to any variable remuneration in respect of the period from 1 September 2008, when he was appointed Chief Operating Officer, to 31 December 2008. The amount in question, determined on the same indicative basis as for Michel Pébereau, Baudouin Prot and Georges Chodron de Courcel, would have amounted to EUR 223,933.

The Board of Directors took due note of these amounts, which were presented by the Compensation Committee. It stressed that the portion of variable remuneration related to personal objectives as calculated above should not be considered as reflecting the Board's judgment on the corporate officers' managerial performance in the climate of crisis that swept through 2008.

⁽¹⁾ AFEP-MEDEF corporate governance code (point 20-2-5).

The tables below show gross remuneration payable for the year to 31 December 2008, including benefits in kind and directors' fees.

Remuneration payable for 2008 <i>In euros</i>	Remuneration		Directors' fees ⁽³⁾	Benefits in kind ⁽⁴⁾	Total Remuneration ⁽⁵⁾
	Fixed ⁽¹⁾	Variable ⁽²⁾			
Michel PEBEREAU					
Chairman of the Board of Directors					
2008	700,000	-	29,728	1,671	731,399
(2007)	(700,000)	(875,000)	(29,728)	(2,490)	(1,607,218)
Baudouin PROT					
Chief Executive Officer					
2008	945,833	-	118,907	5,064	1,069,804
(2007)	(900,000)	(2,272,608)	(142,278)	(5,362)	(3,320,248)
Georges CHODRON de COURCEL					
Chief Operating Officer					
2008	595,833	-	117,628	4,370	717,831
(2007)	(545,833)	(1,772,120)	(147,977)	(4,271)	(2,470,201)
Jean-Laurent BONNAFE					
Chief Operating Officer (period from 1st September to 31 December 2008)					
2008	166,667	-	18,958	1,445	187,070
(2007)	-	-	-	-	-
Jean CLAMON					
Chief Operating Officer (period from 1st January to 31 August 2008)					
2008	306,667	-	32,461	3,135	342,263
(2007)	(460,000)	(702,255)	(139,690)	(4,703)	(1,306,648)
Total remuneration payable to the Group's corporate officers for 2008					3,048,367
(for 2007)					(8,704,315)

⁽¹⁾ Remuneration actually paid in 2008.

⁽²⁾ Variable remuneration payable for 2007 and 2008, where applicable paid the following year.

⁽³⁾ The Chairman of the Board of Directors and the Chief Executive Officer do not receive directors' fees from any Group companies other than from BNP Paribas SA, and from Erb  and BNL in the case of the Chief Executive Officer. Directors' fees received by the Chief Executive Officer from Erb  and BNL are deducted from his variable remuneration.

Georges Chodron de Courcel receives fees in his capacity as a director of BNP Paribas Suisse, BNL and Erb . These fees are deducted from his variable remuneration.

Jean Clamon has received fees in his capacity as a director of Cetelem, Paribas International and BNL.

Jean-Laurent Bonnaf  receives fees in his capacity as a director of BNL. For practical reasons, the practice of deducting these fees from his variable remuneration will not be implemented until 1 January 2009.

⁽⁴⁾ The Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officers each have a company car and a mobile telephone.

The tables below show gross remuneration paid to the Group's corporate officers in 2008, including benefits in kind and directors' fees payable for 2008. The variable remuneration paid in 2008 relates to 2007.

Remuneration paid in 2008 <i>In euros</i>	Remuneration			Directors' fees ⁽³⁾	Benefits in kind ⁽⁴⁾	Total Remuneration ⁽⁵⁾
	Fixed ⁽¹⁾	Variable ⁽²⁾	Deferred			
Michel PEBEREAU						
Chairman of the Board of Directors						
2008	700,000	875,000	109,200	29,728	1,671	1,715,599
(2007)	(700,000)	(1,051,070)	(247,940)	(29,728)	(2,490)	(2,031,228)
Baudouin PROT						
Chief Executive Officer						
2008	945,833	2,158,918	159,200	118,907	5,064	3,387,922
(2007)	(900,000)	(2,233,999)	(277,830)	(143,418)	(5,362)	(3,560,609)
Georges CHODRON de COURCEL						
Chief Operating Officer						
2008	595,833	1,623,002	124,000	117,628	4,370	2,464,833
(2007)	(545,833)	(1,519,045)	(249,030)	(149,117)	(4,271)	(2,467,296)
Jean-Laurent BONNAFE						
Chief Operating Officer (period from 1st September to 31 December 2008)						
2008	166,667	-	-	18,958	1,445	187,070
(2007)	-	-	-	-	-	-
Jean CLAMON						
Chief Operating Officer (period from 1st January to 31 August 2008)						
2008	306,667	529,862	44,800	32,461	3,135	916,925
(2007)	(460,000)	(704,122)	(89,030)	(172,393)	(4,703)	(1,430,248)
Total remuneration payable to the Group's corporate officers for 2008						8,672,349
(for 2007)						(9,489,381)

⁽¹⁾ Corresponding to the transfer of the final third of the 2004 deferred bonus in cash.

⁽²⁾ Baudouin Prot's variable remuneration in respect of 2007 paid in 2008 was reduced by EUR 113,690, corresponding to directors' fees received in 2007.

⁽³⁾ Georges Chodron de Courcel's variable remuneration in respect of 2007 paid in 2008, was reduced by EUR 149,117 corresponding to directors' fees received in 2007.

⁽⁴⁾ Jean Clamon's variable remuneration in respect of 2007 paid in 2008, was reduced by EUR 172,393, corresponding to directors' fees received in 2007.

⁽⁵⁾ The average payroll tax rate on this remuneration was 39.4% in 2008 (31.6% in 2007).

► **BENEFITS AWARDED TO THE GROUP'S CORPORATE OFFICERS**

Benefits awarded to the Group's corporate officers	2008	2007
Post-employment benefits		
Retirement bonuses		
<i>Present value of the benefit obligation</i>	470,347 €	524,901 €
Contingent collective defined-benefit top-up pension plan		
<i>Total present value of the benefit obligation</i>	28.6 M€	30.5 M€
Defined contribution pension plan		
<i>Contributions paid by the company during the year</i>	1,464 €	1,416 €
Welfare benefits		
Flexible personal risk plan		
<i>Premiums paid by the company during the year</i>	10,662 €	10,312 €
Garantie Vie Professionnelle Accidents death/disability cover plan		
<i>Premiums paid by the company during the year</i>	9,376 €	9,365 €
Supplementary personal risk plan		
<i>Premiums paid by the company during the year</i>	209,761 €	229,924 €

Stock subscription option plans

Policy ⁽¹⁾

Under the authorisations granted by Shareholders' General Meetings, BNP Paribas has set up a Global Share-based Incentive Plan, which combines stock options with share awards. The policy for granting options and share awards to all beneficiaries is described in Note 7 on salaries and employee benefits (share-based payment). The provisions of the plan relating to stock options were approved by the Board of Directors and apply in full to the corporate officers.

Corporate officers are not entitled to share awards.

In principle, the Board of Directors grants stock options to the Group's corporate officers on an annual basis. The options do not carry a discount.

Stock options are granted to corporate officers as a long-term incentive, in accordance with shareholders' interests. The number of options granted to corporate officers is determined by the Board of Directors

using market benchmarks established by firms specialised in surveys of executive remuneration in the European banking sector.

The corporate officers are not allowed to hedge their risk.

The plans are subject to vesting conditions under which a portion (30%) of the options granted in 2008 over and above a minimum threshold of 3,000 options is conditional upon the performance of the BNP Paribas share relative to the Dow Jones Euro Stoxx Bank index. This relative performance is measured at the end of the second, third and fourth years of the compulsory holding period. Depending on the results of this measurement, the exercise price of the portion of the options subject to this performance-related condition may be increased by 5%, 10% or 20%, or their exercise may be deemed null and void.

At a meeting held after the publication of the AFEP-MEDEF's recommendations on 6 October 2008, the Board of Directors expressed its intention to apply all the recommendations on stock options as of the next plan and, in this respect, to apply performance conditions to all the stock options granted to corporate officers.

⁽¹⁾ AFEP-MEDEF corporate governance code (point 20-2).

► OPTIONS GRANTED AND EXERCISED IN 2008

Stock subscription options granted to and/ or exercised by the Group's corporate officers	Number of options granted/ exercised	Exercise price (in euros)	Grant date	Plan expiry date	Individual allocation valuation		Individual allocation as a % of share capital
					in euros ⁽¹⁾	as a % of the recognised expense ⁽²⁾	
OPTIONS GRANTED IN 2008							
Michel PEBEREAU	50,000	66.10	18/04/2008	15/04/2016	836,450	0.745%	0.005%
Baudouin PROT	170,000	66.10	18/04/2008	15/04/2016	2,843,930	2.534%	0.019%
Georges CHODRON de COURCEL	100,000	66.10	18/04/2008	15/04/2016	1,672,900	1.491%	0.011%
Jean CLAMON	60,000	66.10	18/04/2008	15/04/2016	1,003,740	0.894%	0.007%
Aggregate					6,357,020	5.664%	0.042%
OPTIONS EXERCISED IN 2008							
Michel PEBEREAU	61,072	36.95	13/05/1998	13/05/2008			
Baudouin PROT	30,626	36.95	13/05/1998	13/05/2008			
Georges CHODRON de COURCEL	4,000	36.78	21/03/2003	20/03/2013			
OPTIONS GRANTED IN 2007							
Michel PEBEREAU	50,000	82.70	08/03/2007	06/03/2015	703,450	0.600%	0.005%
Baudouin PROT	170,000	82.70	08/03/2007	06/03/2015	2,403,420	2.100%	0.018%
Georges CHODRON de COURCEL	90,000	82.70	08/03/2007	06/03/2015	1,266,210	1.100%	0.010%
Jean CLAMON	65,000	82.70	08/03/2007	06/03/2015	914,485	0.800%	0.007%
Aggregate					5,287,565	4.600%	0.040%
OPTIONS EXERCISED IN 2007							
Michel PEBEREAU	60,000	36.95	13/05/1998	13/05/2008			
Baudouin PROT	40,000	36.95	13/05/1998	13/05/2008			
Baudouin PROT	36,000	18.29	22/05/1997	22/05/2007			
Baudouin PROT	14,438	18.29	22/05/1997	22/05/2007			
Georges CHODRON de COURCEL	56,000	36.78	21/03/2003	20/03/2013			
Georges CHODRON de COURCEL	8,069	38.62	21/03/2003	20/03/2013			
Georges CHODRON de COURCEL	8,069	38.62	21/03/2003	20/03/2013			
Jean CLAMON	1,266	48.57	15/05/2001	14/05/2011			
Jean CLAMON	15,000	48.57	15/05/2001	14/05/2001			

⁽¹⁾ The stock options granted in 2008 which were not subject to performance conditions have been valued for accounting purposes at EUR 17.32 each (EUR 14.57 in 2007).

The stock options granted in 2008 which were subject to performance conditions have been valued for accounting purposes at EUR 15.35 each (EUR 12.90 in 2007).

⁽²⁾ Percentage of the expense recognised for the Global Share-based Incentive Plan, which combines stock options with share awards.

Summary of remuneration and stock options paid to individual corporate officers

	2008	2007
Michel PEBEREAU Chairman of the Board of Directors		
Remuneration for the year	731,399	1,607,218
Value of stock options granted during the year	836,450	703,450
TOTAL	1,567,849	2,310,668
Baudouin PROT Chief Executive Officer		
Remuneration for the year	1,069,804	3,320,248
Value of stock options granted during the year	2,843,930	2,403,420
TOTAL	3,913,734	5,723,668
Jean-Laurent BONNAFE Chief Operating Officer (period from 1st September to 31 December 2008)		
Remuneration for the year	187,070	-
Value of stock options granted during the year	N/A	-
TOTAL	187,070	N/A
Georges CHODRON de COURCEL Chief Operating Officer		
Remuneration for the year	717,831	2,470,201
Value of stock options granted during the year	1,672,900	1,266,210
TOTAL	2,390,731	3,736,411
Jean CLAMON Chief Operating Officer (period from 1st January to 31 August 2008)		
Remuneration for the year	342,263	1,306,648
Value of stock options granted during the year	1,003,740	914,485
TOTAL	1,346,003	2,221,133

The table below shows the number of outstanding options held by the Group's corporate officers at 31 December 2008.

Originating company	BNP	BNP	BNP Paribas				
Date of grant	22/12/1999	15/05/2001	21/03/2003	25/03/2005	05/04/2006	08/03/2007	18/04/2008
Michel PEBEREAU	221,917	221,948	226,959	100,880	100,000	50,000	50,000
Baudouin PROT	131,133	141,240	196,697	151,319	180,000	170,000	170,000
Georges CHODRON de COURCEL	-	-	4,559	60,529	90,000	90,000	100,000
Jean-Laurent BONNAFE	-	-	-	40,353	50,000	60,000	60,000
Number of options outstanding at end-2008	353,050	363,188	428,215	353,081	420,000	370,000	380,000

Compulsory share ownership – Holding period for shares received on exercise of stock options

As from 1 January 2008, Michel Pébereau, Baudouin Prot and Georges Chodron de Courcel are required to own a minimum number of shares for the duration of their term of office, calculated based on both the opening BNP Paribas share price and their fixed remuneration at 2 January 2007. The number of shares held must be equal to 7 years' fixed salary for Michel Pébereau (58,700 shares) and Baudouin Prot (80,000 shares). This obligation must be complied with by 13 February 2010 at the latest.

The Board has set a compulsory share holding of 30,000 shares for Jean-Laurent Bonnafé, which is identical to the amount set for Georges Chodron de Courcel, the other Chief Operating Officer. Jean-Laurent Bonnafé must comply with this obligation no later than five years after the date of his appointment as corporate officer, i.e. 1 September 2013.

The Chairman of the Board of Directors, Chief Executive Officer and Chief Operating Officers are also required to hold a quantity of shares issued following the exercise of stock options for the duration of their term of office. This holding requirement represents 50% of the net gain realised on the purchase of shares under options granted as from 1 January 2007 for Michel Pébereau, Baudouin Prot and Georges Chodron de Courcel and as from 1 September 2008 for Jean-Laurent Bonnafé. It will be considered as satisfied once the threshold defined for compulsory share ownership has been reached based on shares resulting from the exercise of options as of said dates.

Remuneration and benefits awarded to employee-elected directors

Total remuneration paid in 2008 to employee-elected directors – calculated based on their actual attendance – amounted to EUR 98,864 in 2008 (EUR 81,045 in 2007), excluding directors' fees. The total amount of directors' fees paid in 2008 to employee-elected directors was EUR 68,275 (EUR 69,103 in 2007). These sums were paid directly to the trade union bodies of the directors concerned.

Employee-elected directors are entitled to the same death/disability cover and the same Garantie Vie Professionnelle Accidents benefits as all BNP Paribas SA employees. The total amount of premiums paid into

these schemes by BNP Paribas in 2008 on behalf of the employee-elected directors was EUR 1,041 (EUR 1,026 in 2007).

The employee-elected directors belong to the defined-contribution plan set up for all BNP Paribas SA employees, in accordance with article 83 of the French General Tax Code. The total amount of contributions paid into this plan by BNP Paribas in 2008 on behalf of the employee-elected directors was EUR 660 (EUR 649 in 2007). Employee-elected directors are also entitled to top-up banking industry pensions under the industry-wide agreement that took effect on 1 January 1994.

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

At 31 December 2008, total outstanding loans granted directly or indirectly to the Group's corporate officers amounted to EUR 7,337,398 (EUR 6,340,882 at 31 December 2007).

8.e RELATED PARTIES

Other related parties of the BNP Paribas Group comprise consolidated companies (including entities consolidated under the equity method) and entities managing post-employment benefit plans offered to Group employees (except for multi-employer and multi-industry schemes).

Transactions between the BNP Paribas Group and related parties are carried out on an arm's length basis.

Relations between consolidated companies

A list of companies consolidated by BNP Paribas is provided in Note 8.b "Scope of consolidation". As transactions and period-end balances between fully-consolidated entities are eliminated in full on consolidation, the tables below only show figures relating to transactions and balances with (i) companies over which BNP Paribas exercises joint control (accounted for by the proportionate consolidation method), showing only the proportion not eliminated on consolidation, and (ii) companies over which BNP Paribas exercises significant influence (accounted for by the equity method).

► RELATED-PARTY BALANCE SHEET ITEMS

In millions of euros	31 December 2008		31 December 2007	
	Consolidated entities under the proportionate method	Consolidated entities under the equity method	Consolidated entities under the proportionate method	Consolidated entities under the equity method
ASSETS				
Loans, advances and securities				
Demand accounts	49	13	12	-
Loans	9,509	1,440	7,132	1,268
Securities	127	-	54	-
Finance leases	-	29	-	-
Other assets	9	17	8	13
TOTAL	9,694	1,499	7,206	1,281
LIABILITIES				
Deposits				
Demand accounts	21	216	44	412
Other borrowings	55	326	12	217
Debt securities	36	29	8	293
Other liabilities	5	39	30	77
TOTAL	117	610	94	999
FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS				
Financing commitments given	126	-	84	3
Guarantee commitments given	2	-	12	1
TOTAL	128	-	96	4

Within the scope of its International Retail Banking and Financial Services business, the Group also carries out trading transactions with related parties involving derivatives (swaps, options and forwards) and financial instruments (equities, bonds etc.). These transactions are carried out on an arm's length basis.

► RELATED-PARTY PROFIT AND LOSS ITEMS:

In millions of euros	Year to 31 Dec 2008		Year to 31 Dec 2007	
	Consolidated entities under the proportionate method	Consolidated entities under the equity method	Consolidated entities under the proportionate method	Consolidated entities under the equity method
Interest income	413	95	236	40
<i>Interest expense</i>	<i>(9)</i>	<i>(11)</i>	<i>(2)</i>	<i>(24)</i>
Commission income	18	74	22	21
<i>Commission expense</i>	<i>(66)</i>	<i>(18)</i>	<i>(6)</i>	<i>(53)</i>
Services provided	6	48	2	117
<i>Services received</i>	<i>-</i>	<i>(320)</i>	<i>-</i>	<i>(308)</i>
Lease income	1	1	2	-
TOTAL	363	(131)	254	(207)

Entities managing post-employment benefit plans offered to Group employees

The main post-employment benefits of the BNP Paribas Group are retirement bonus plans, and top-up defined-benefit and defined-contribution pension plans.

In France, some of these benefits are paid by the BNP and Paribas pension funds (Caisses de retraite) and the BNP welfare benefit fund (Caisse de Prévoyance).

The entire obligations of these three institutions have either been transferred to a non-Group insurance company or assumed in full by BNP Paribas SA. The BNP pension fund was liquidated in the first half of 2007 and the BNP welfare benefit fund in the second half of 2008.

In other countries, post-employment benefit plans are generally managed by independent fund managers or independent insurance companies, and occasionally by Group companies (in particular BNP Paribas Asset Management, BNP Paribas Assurance, Bank of the West and First Hawaiian Bank). In Switzerland, a dedicated foundation manages benefit plans for BNP Paribas Switzerland's employees.

At 31 December 2008, the value of plan assets managed by Group companies was EUR 827 million (EUR 991 million at 31 December 2007).

Amounts received relating to services provided by Group companies in the year to 31 December 2008 totalled EUR 696 thousand, and mainly comprised management and custody fees (2007: EUR 1.1 million).

8.f BALANCE SHEET BY MATURITY

The table below gives a breakdown of the balance sheet by contractual maturity. The maturities of financial assets and liabilities measured at fair value through profit or loss within the trading portfolio are regarded as "undetermined" insofar as these instruments are intended to be sold or redeemed before their contractual maturity dates. The maturities of variable-income financial assets classified as available for sale, derivative hedging instruments, remeasurement adjustments on interest-rate risk hedged portfolios and undated subordinated debt are also deemed to be "undetermined". Since the majority of technical reserves of insurance companies are considered as demand deposits, they are not presented in this table.

<i>In millions of euros, at 31 December 2008</i>	Not determined	Overnight or demand	Up to 1 month (excl. overnight)	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Cash and amounts due from central banks and post office banks		39,219						39,219
Financial assets at fair value through profit or loss	1,192,271							1,192,271
Derivatives used for hedging purposes	4,555							4,555
Available-for-sale financial assets	16,714		3,033	6,935	18,233	22,280	63,530	130,725
Loans and receivables due from credit institutions	40	22,455	12,314	15,010	5,554	6,500	7,280	69,153
Loans and receivables due from customers		41,844	41,834	40,495	58,571	128,952	182,705	494,401
Remeasurement adjustment on interest-rate risk hedged portfolios	2,541							2,541
Held-to-maturity financial assets			5	322	21	3,239	10,489	14,076
FINANCIAL ASSETS BY MATURITY	1,216,121	103,518	57,186	62,762	82,379	160,971	264,004	1,946,941
Due to central banks and post office banks		1,047						1,047
Financial liabilities at fair value through profit or loss	1,000,809		567	1,528	7,693	28,562	15,643	1,054,802
Derivatives used for hedging purposes	6,172							6,172
Due to credit institutions		19,365	78,749	33,945	25,076	15,376	13,676	186,187
Due to customers		233,319	107,234	39,856	15,604	9,856	8,086	413,955
Debt securities			44,984	47,558	23,201	30,628	11,137	157,508
Subordinated debt	1,096		2	542	410	3,749	12,524	18,323
Remeasurement adjustment on interest-rate risk hedged portfolios	282							282
FINANCIAL LIABILITIES BY MATURITY	1,008,359	253,731	231,536	123,429	71,984	88,171	61,066	1,838,276

<i>In millions of euros, at 31 December 2007</i>	Not determined	Overnight or demand	Up to 1 month (excl. overnight)	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	TOTAL
Cash and amounts due from central banks and post office banks		18,542						18,542
Financial assets at fair value through profit or loss	931,706							931,706
Derivatives used for hedging purposes	2,154							2,154
Available-for-sale financial assets	21,869		2,971	5,034	9,611	21,558	51,551	112,594
Loans and receivables due from credit institutions		20,636	16,222	12,656	5,323	8,871	7,408	71,116
Loans and receivables due from customers		36,679	44,959	32,278	57,154	144,893	129,140	445,103
Remeasurement adjustment on interest-rate risk hedged portfolios	(264)							(264)
Held-to-maturity financial assets			4	513	625	1,450	12,216	14,808
FINANCIAL ASSETS BY MATURITY	955,465	75,857	64,156	50,481	72,713	176,772	200,315	1,595,759
Due to central banks and post office banks		1,724						1,724
Financial liabilities at fair value through profit or loss	722,099		1,704	2,718	17,399	32,295	19,910	796,125
Derivatives used for hedging purposes	1,261							1,261
Due to credit institutions		23,210	75,262	36,816	11,706	14,249	8,939	170,182
Due to customers		199,009	96,352	36,984	9,858	2,484	2,017	346,704
Debt securities			37,632	39,169	27,606	23,442	13,207	141,056
Subordinated debt	1,226		15	534	862	3,416	12,588	18,641
Remeasurement adjustment on interest-rate risk hedged portfolios	20							20
FINANCIAL LIABILITIES BY MATURITY	724,606	223,943	210,965	116,221	67,431	75,886	56,661	1,475,713

8.g FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTISED COST

The information supplied in this note must be used and interpreted with the greatest caution for the following reasons:

- These fair values are an estimate of the value of the relevant instruments as of 31 December 2008. They are liable to fluctuate from day to day as a result of changes in various parameters, such as interest rates and credit quality of the counterparty. In particular, they may differ significantly from the amounts actually received or paid on maturity of the instrument. In most cases, the fair value is not intended to be realised immediately, and in practice might not be realised immediately. Consequently, this fair value does not reflect the actual value of the instrument to BNP Paribas as a going concern.

- Most of these fair values are not meaningful, and hence are not taken into account in the management of the commercial banking activities which use these instruments.
- Estimating a fair value for financial instruments carried at historical cost often requires the use of modelling techniques, hypotheses and assumptions that may vary from bank to bank. This means that comparisons between the fair values of financial instruments carried at historical cost as disclosed by different banks may not be meaningful.
- The fair values shown below do not include the fair values of non-financial instruments such as property, plant and equipment, goodwill and other intangible assets such as the value attributed to demand deposit portfolios or customer relationships. Consequently, these fair values should not be regarded as the actual contribution of the instruments concerned to the overall valuation of the BNP Paribas Group.

In millions of euros	31 December 2008		31 December 2007	
	Carrying value ⁽¹⁾	Estimated fair value	Carrying value ⁽¹⁾	Estimated fair value
Financial assets				
Loans and receivables due from credit institutions	69,153	68,944	71,116	70,846
Loans and receivables due from customers	494,401	484,798	445,103	441,939
Held-to-maturity financial assets	14,076	15,017	14,808	15,083
Financial liabilities				
Due to credit institutions	186,187	185,481	170,182	169,919
Due to customers	413,955	414,111	346,704	346,645
Debt securities	157,508	156,871	141,056	140,495
Subordinated debt	18,323	15,874	18,641	18,100

⁽¹⁾ The carrying amount does not include the remeasurement of portfolios of financial instruments in fair value hedging relationships. At 31 December 2008, this is included within "Remeasurement adjustment on interest-rate risk hedged portfolios" as EUR 2,541 million under assets, and EUR 282 million under liabilities (negative EUR 264 million and positive EUR 20 million, respectively, at 31 December 2007).

The fair value of a financial instrument is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The valuation techniques and assumptions used by BNP Paribas ensure that the fair value of financial assets and liabilities is measured on a consistent basis throughout the Group. Fair value is based on prices quoted in an active market when these are available. In other cases, fair value is determined using valuation techniques such as discounting of estimated future cash flows for loans, liabilities and held-to-maturity financial assets, or specific valuation models for other financial instruments as described in note 1, "Principal accounting policies applied by the BNP Paribas Group". In the case of loans, liabilities and held-to-maturity financial assets that have an initial maturity of less than one year (including demand deposits) or are granted on floating-rate terms, fair value equates to carrying amount. The same applies to most regulated savings products.

The change in market conditions over the year revealed a widening of spreads on bank financing and investment activities from approximately 80 basis points for clients having the three highest ratings in the bank's internal rating system to approximately 1,500 basis points for clients having the lowest rating (these figures were 10 basis points and 200 basis points, respectively, in 2007). These observed changes were taken into account in the fair value estimated for financial assets. Debt securities with residual maturities of more than one year were measured assuming a widening in the Bank's spread of approximately 50 basis points, which is consistent with the change in spread taken into account in the measurement of the debt at fair value through profit and loss; in the case of subordinated debt, the widening in the Bank's spread taken into account in the valuation was approximately 230 basis points (10 basis points and 60 basis points, respectively, in 2007).

8.h CONTINGENT LIABILITIES: LEGAL PROCEEDING AND ARBITRATION

Legal action has been taken against several Algerian and international banks, including BNP Paribas El Djazair, a BNP Paribas SA subsidiary, for administrative errors in processing international trade financing applications in which the Algerian authorities did not incur any damages.

BNP Paribas El Djazair has been accused of non-compliance with foreign exchange regulations in seven cases before Algerian courts. BNP Paribas El Djazair was ordered by a lower court to pay fines of approximately EUR 200 million. Three of these cases were subsequently overturned on appeal, including the case involving the most significant amount (EUR 150 million). Two other appeals rulings have upheld fines totalling EUR 50 million.

All of these rulings have been appealed, and execution has been suspended pending the outcome of these appeals pursuant to Algerian law. BNP Paribas El Djazair will continue to vigorously defend itself before the Algerian courts with a view to obtaining recognition of its good faith towards the authorities, which suffered no actual damages.

In December 2006, the Bank was named as a defendant, along with AWB Limited (an Australian exporter of wheat) and Commodity Specialists Company (a wheat trader based in Minneapolis), in a putative class action lawsuit brought in New York. The plaintiffs attempted to assert claims on behalf of all Iraqis who resided in the three northern governorates of Iraq to recover the value of money that the Iraqi Government allegedly demanded be paid to it by entities that supplied goods to it pursuant to the United Nations Oil-for-Food Program. On October 10, 2007, the Bank filed a motion to dismiss the action on the grounds that the Court lacked jurisdiction to hear the case and the plaintiffs had failed to state a claim against the Bank. By order dated September 30, 2008, the court granted the Bank's motion and dismissed the case in its entirety, on the grounds that jurisdiction was lacking because plaintiffs lacked standing to bring suit. On October 22, 2008, the plaintiffs filed a notice of appeal. The appeal is currently pending in the United States Court of Appeals for the Second Circuit. The appeal does not state the amount of the claimed damages and leaves its determination for trial.

8.i FEES PAID TO THE STATUTORY AUDITORS

In thousand of euros	Deloitte & Associés				PricewaterhouseCoopers				Mazars				Total			
	Total		%		Total		%		Total		%		Total		%	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Audit																
Statutory audits and contractual audits, including:																
<i>Issuer</i>	3,610	4,059	33%	38%	5,395	4,243	35%	38%	1,125	1,174	13%	16%	10,130	9,476	29%	33%
<i>Consolidated subsidiaries</i>	6,033	5,828	55%	53%	7,939	5,176	51%	46%	7,102	6,064	82%	82%	21,074	17,068	60%	58%
Other reviews and services directly related to the statutory audit engagement, including:																
<i>Issuer</i>	55	115	1%	1%	990	200	6%	2%	75	-	1%	-	1,120	315	3%	1%
<i>Consolidated subsidiaries</i>	1,112	505	10%	5%	1,088	1,011	7%	9%	284	51	3%	1%	2,484	1,567	7%	5%
Sub-total	10,810	10,507	99%	97%	15,412	10,630	99%	95%	8,586	7,289	99%	99%	34,808	28,426	99%	97%
Other services provided by the networks to fully-or proportionally-consolidated subsidiaries																
Tax and legal	-	-	-	-	32	-	-	-	25	-	-	-	57	-	-	-
Others	104	309	1%	3%	132	515	1%	5%	53	46	1%	1%	289	870	1%	3%
Sub-total	104	309	1%	3%	164	515	1%	5%	78	46	1%	1%	346	870	1%	3%
TOTAL	10,914	10,816	100%	100%	15,576	11,145	100%	100%	8,664	7,335	100%	100%	35,154	29,296	100%	100%

The audit fees paid to auditors which are not member of the network of one of the auditors certifying the consolidated financial statements and the non consolidated financial statements of BNP Paribas SA, mentioned in the table above, amount to 1,274 thousand euros for the year 2008 (1,498 thousand euros in 2007). This amount includes 315 thousand euros paid for other reviews and services directly related to the statutory audit engagement (645 thousand euros in 2007).

4.6 BNP Paribas statutory auditors' report on the consolidated financial statements

Deloitte Et Associés

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

PricewaterhouseCoopers Audit

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

Mazars

61, rue Henri Regnault
92400 Courbevoie

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report on the consolidated financial statements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

BNP Paribas
16, boulevard des Italiens
75009 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2008, on:

- the audit of the accompanying consolidated financial statements of BNP Paribas;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I – Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, on a test basis or by selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2008, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in notes 1 ("Summary of significant accounting policies") and 5.a to the consolidated financial statements, which describe the change of accounting method in application of the amendment to IAS 39 dated 15 October 2008, authorising the reclassification of certain financial assets.

II – Justification of our assessments

Accounting estimates

The economic and financial crisis, resulting notably in an exceptional increase in volatility, a sharp contraction in liquidity on certain markets and difficulties in assessing the economic and financial outlook, has had wide-ranging ramifications for credit institutions, notably in terms of business activity, results, risks and refinancing, as described in notes 4.b and 4.j to the consolidated financial statements. This situation has created specific conditions this year for the preparation of the financial statements, especially as regards accounting estimates. In this context, and in accordance with the requirements of article L823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Impairment provisions for credit and counterparty risk

BNP Paribas records impairment provisions to cover the credit and counterparty risk inherent to its business, as described in notes 1, 4.a, 4.d, 4.j, 5.c, 5.d and 5.e to the consolidated financial statements. We examined the control procedures applicable to monitoring credit and counterparty risk, impairment testing methods and determining individual and portfolio-based impairment losses.

Measurement of financial instruments

BNP Paribas uses internal models and methodologies to measure its positions on financial instruments which are not traded on active markets, as well as to determine certain provisions and assess whether hedging designations are appropriate. We examined the control procedures applicable to identifying inactive markets, verifying these models and determining the inputs used.

Impairment of available-for-sale assets

BNP Paribas recognises impairment losses on available-for-sale assets where there is objective evidence of a prolonged or significant decline in value, as described in notes 1.c.5, 2.d, 2.f and 5.c to the consolidated financial statements. We examined the control procedures relating to the identification of such evidence, the valuations of the most significant captions, and the estimates used, where applicable, to record impairment losses.

Goodwill impairment tests

BNP Paribas carried out impairment tests on goodwill which did not lead to the recording of impairment losses, as described in notes 1.b.4 and 5.l to the consolidated financial statements. We examined the methods used to implement these tests and the main assumptions and inputs used.

Deferred tax assets

BNP Paribas recognised deferred tax assets during the year, notably in respect of tax loss carryforwards, as described in notes 1.k, 2.g and 5.h to the consolidated financial statements. We examined the main estimates and assumptions used to record these deferred tax assets.

Provisions for employee benefits

BNP Paribas raises provisions to cover its employee benefit obligations, as described in notes 1.j and 7.b to the consolidated financial statements. We examined the method adopted to measure these obligations, as well as the main assumptions and inputs used.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III – Specific verification

As required by law we have also verified the specific information given in the Group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, 11 March 2009

The Statutory Auditors

Deloitte Et Associés
Pascal Colin

PricewaterhouseCoopers Audit
Etienne Boris

Mazars
Hervé Hélias

5

PILLAR 3

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On 1 January 2008, the new Basel II capital framework came into force for banks in the European Union applying advanced measurement approaches to risk. The original Basel I framework introduced in 1988 had represented a major step towards improving financial strength in the banking industry. Basel II is a considerable improvement on the previous framework, aligning capital requirements more closely to the underlying economic risks that banks face. Never has this been more relevant than in the current market climate.

The purpose of Pillar 3 - market discipline is to complement the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2). It is designed to encourage market discipline by requiring banks to disclose essential information that market participants need in order to evaluate key items such as scope of application, capital, exposure to different types of risk, risk assessment procedures, and, consequently, capital adequacy.

Most of the information about BNP Paribas required under Pillar 3 is given in Note 4 to the Financial Statements, "Risk management and capital adequacy." References to the corresponding sections are provided throughout this chapter.

This chapter meets the obligations set forth in Title IX of the French Decree of 20 February 2007 ⁽¹⁾ on capital requirements for credit institutions and investment firms, and applies to the consolidated BNP Paribas Group (see Article 1).

5.1 Scope of application

The prudential scope of application defined in French Decree of 20 February 2007 on capital requirements is not the same as the accounting scope of consolidation. The following sections discuss the differences between the two scopes, in accordance with the regulations.

PRUDENTIAL SCOPE

According to French banking regulation ⁽²⁾, BNP Paribas Group has defined a prudential scope to monitor capital adequacy ratios calculated on consolidated data.

This prudential scope is generally the same as the scope of consolidation outlined in Note 8.b to the financial statements, with the following exceptions:

- insurance companies are not included in the prudential scope, in accordance with Article 1 of French regulation 90-20 of 23 February 1990;
- the transactions involving the transfer of risks or assets' ownership are evaluated based on the resulting transfer of risks. Therefore, securitisation vehicles are excluded from the prudential scope if the securitisation transaction is deemed effective under Basel II criteria

(i.e., the transaction entails a significant transfer of risks). Otherwise the securitisation vehicle is included in the prudential scope, as it is included in the scope of consolidation;

- BNP Paribas Dérivés Garantis is excluded from the prudential scope but is monitored on a solo basis, at the request of the French banking supervisor (*Commission bancaire*).

(See Note 1.b. to the Financial Statements, "Consolidation")

(See Note 8.b. to the Financial Statements, "Scope of consolidation")

⁽¹⁾ Issued by the French Ministry of the Economy, Finance, and Industry.

⁽²⁾ Regulation CRBF 2000-03 of 6 September 2000.

Participations in and subordinated claims against credit and financial institutions in which the Group holds a share greater than 10% are deducted from the Group's prudential capital on 31 December 2008. These participations and subordinated claims concern the following credit and financial institutions:

Credit and financial institutions deducted from prudential capital

Accea Finance
 Accord Magyarorszag ZRT
 AMP Partners SA
 Associatie Cassa BV
 Baiduri Bank Berhard
 BAII Recouvrement
 Banca Impresa Lazio Spa
 Banco Cofidis SA
 Banco de Servicios Financieros SA
 Banexi (U.K.) Limited
 Banexi Inc.
 Banque Paribas International Trustee Limited
 Banque pour l'Industrie et le Commerce Comores
 Belamzo Holding BV
 Berliner Effektengesellschaft
 BGN Leasing
 BIAO Recouvrement
 BICI Bail Gabon
 BICI Cameroun
 BMCI Bourse
 BNP Asset Management U.K. Limited
 BNP Capital Markets Limited
 BNP Equities Mauritius
 BNP Mexico Holding Inc.
 BNP Nominees Limited
 BNP PAM Malaysia SDN BHD
 BNP Paribas Andes
 BNP Paribas Asset Management (Part II) (Luxembourg) SA
 BNP Paribas Asset Management Argentina SA, Sociedad de Fondos Comunes de inversion
 BNP Paribas Asset Management B.S.C
 BNP Paribas Asset Management Monaco
 BNP Paribas Asset Management Services Luxembourg
 BNP Paribas Bank & Trust Cayman
 BNP Paribas Bulgaria EAD
 BNP Paribas Futures Singapore Pte Ltd
 BNP Paribas Hungaria Bank Rt
 BNP Paribas International Trustee Guernesey
 BNP Paribas Investment Management CI Limited
 BNP Paribas Lease Group IFN SA
 BNP Paribas Panama SA
 BNP Paribas Peregrine Futures Limited
 BNP Paribas Securities (Australia) Limited
 BNP Paribas Securities India Pvt Ltd
 BNP Paribas Trust Corporation UK Limited
 BNP Paribas Trust Services Singapore Limited
 BNP Representative Office (Nigeria) Ltd
 BNPP (Nz) Limited

Credit and financial institutions deducted from prudential capital

BPI

BPP Holdings Pte Ltd

Cetelem Consulting International S.R.L.

Cetelem Expansion Société en Nom Collectif

Cetelem Gestion Sa (Argentina)

Cetelem Renting

Cetelem Servicios SA de CV

Clariance Société en nom collectif

CNH Capital Europe GmbH

Consors eCommerce Holding GmbH

Corporacion Franco Americana de Finanzas (Costa Rica) SA

Credifarma Spa

Crédit Logement

Emirates Lebanon Bank

Fimaser

Financière de la rue Meyerbeer

Financière du Navire JLZ 020401

Findomestic Network Spa

France Titrisation

Investment Fund Services Limited

Istituto per il Credito Sportivo

Level 16

Level 3

Liquiditäts- und Konsortialbank GmbH

Maintenance et Prestation Informatique (MPI)

Massilia Bail 2

Nachenius Tjeenk & Co Global Custody NV

Neuilly Contentieux

Orange - BNP Paribas Services

Orient Commercial Joint Stock Bank

Paribas Group Australia Limited

Paribas Petroleum Participations BV

Personal Finance Technology

Primonial Fundquest

PT Bank BNP Paribas Indonesia

SAIB BNP Paribas Asset Management Company

Sfom Inter Africa 1

Sicovam Holding

Societa Regionale per la Promozione dello Sviluppo Economico dell'Umbria Spa

Société Financière de Beyrouth BNP Paribas

Société Financière des Pays d'Outre-Mer

Sofracem

Soservi Société en Nom Collectif

SYWG

Tuileries Financement 2

Tuileries Financement 3

Ukrainian Leasing Company Limited Liability Company

Union Méditerranéenne de Finance

Watamar & Partners SA

SIGNIFICANT SUBSIDIARIES

The capital requirements of BNP Paribas' significant subsidiaries are given in Appendix 5.7, in accordance with the regulations. The capital requirements listed in the Appendix correspond to each subsidiary's contribution to the Group's capital requirement after intragroup risk transfers, where applicable.

The following subsidiaries are considered significant, based on the criterion that their risk-weighted assets amount to more than 3% of the Group's total risk-weighted assets at 31 December 2008:

- Banca Nazionale del Lavoro (BNL);
- BancWest;
- BNP Paribas Suisse;
- Personal Finance (sub-consolidation group).

INDIVIDUAL MONITORING BY THE FRENCH BANKING SUPERVISOR

Two entities, BNP Paribas Dérivés Garantés and Personal Finance, are monitored individually by the French banking supervisor (*Commission bancaire*), according to the supervisor's guidelines and pursuant to discussions between the supervisor and BNP Paribas.

5.2 Risk management

The strategies and processes to manage risks of BNP Paribas are described in Note 4 to the Financial Statements.

(See Note 4.a. to the Financial Statements, "Risk management organisation")

(See Note 4.d. to the Financial Statements, "Credit and counterparty risk")

(See Note 4.e. to the Financial Statements, "Market risk" and "Equity risk")

(See Note 4.f. to the Financial Statements, "Operational risk")

5.3 Capital management and capital adequacy

REGULATORY CAPITAL

Details about the composition of the Group's capital are given in Note 4 to the Financial Statements.

(See Note 4.c. to the Financial Statements, "Regulatory capital")

CAPITAL ADEQUACY

► PILLAR 1 RISK-WEIGHTED ASSETS AT 31 DECEMBER 2008

At 31 December 2008, the total amount of Pillar 1 risk-weighted assets is EUR 527.6 billion broken down as follows by type of risk, calculation approach, and asset class.

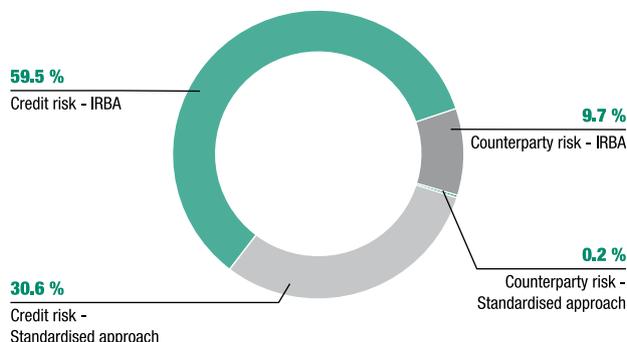
<i>In millions of euros</i>	Risk-weighted assets	Capital requirement
Credit and counterparty risk	417,750	33,420
Credit and counterparty risk - IRBA	190,051	15,204
Central governments and central banks	2,339	187
Corporates	144,522	11,562
Institutions	15,584	1,247
Retail	19,678	1,574
<i>Revolving exposures</i>	6,111	489
<i>Mortgages</i>	4,230	338
<i>Other exposures</i>	9,337	747
Securitisation positions	7,928	634
Credit and counterparty risk - Standardised approach	227,699	18,216
Central governments and central banks	2,753	220
Corporates	102,768	8,221
Institutions	12,874	1,030
Retail	68,680	5,494
<i>Revolving exposures</i>	1,730	138
<i>Mortgages</i>	24,507	1,961
<i>Other exposures</i>	42,443	3,395
Securitisation positions	3,297	264
Other non credit-obligation assets	37,327	2,986
Equity risk	40,584	3,247
Internal model	40,479	3,239
<i>Private equity exposures in diversified portfolios</i>	4,286	343
<i>Exchange traded equity exposures</i>	19,654	1,573
<i>Other equity exposures</i>	16,539	1,323
Standardised approach	105	8
Market risk	29,727	2,378
Internal model	25,028	2,002
Standardised approach	4,699	376
Operational risk	39,582	3,167
Advanced Measurement Approach (AMA)	22,911	1,833
Standardised approach	13,417	1,073
Basic indicator approach	3,254	260
TOTAL	527,643	42,211

➤ RISK-WEIGHTED ASSETS BY TYPE OF RISK



^(*) Including other non credit-obligation assets.

➤ CREDIT AND COUNTERPARTY RISK EXPOSURE BY APPROACH ^(*)



^(*) Excluding other non credit-obligation assets.

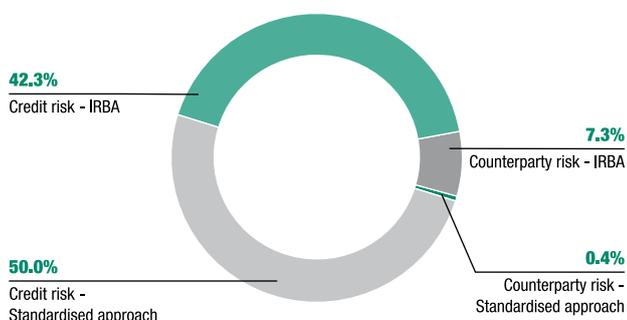
Credit and counterparty risk

BNP Paribas has opted for the advanced approaches allowed under Basel II. In accordance with the EU Directive and its transposition into French law, on 20 December 2007 the French banking supervisor (*Commission bancaire*) allowed the Group to use internal models to calculate capital requirements starting on 1 January 2008.

Credit and counterparty risk accounts for 78% of the Group's Basel II risk-weighted assets. The share of these risk-weighted assets at 31 December 2008 determined using the standardised approach (50%) is essentially the same as that using the IRBA (49%). These advanced methods are used by many Group subsidiaries, including BNP Paribas SA and Cetelem operations in France or abroad. Nonetheless, some large subsidiaries like BNL and BancWest have not adopted them yet. Other subsidiaries, such as those in emerging countries, will use the Group's advanced methods in the medium-term. The use of these methods is subject to conditions regarding progress and deployment. The group is engaged in a roll-out plan for those entities towards the French banking supervisor.

Using the standardised approach, credit and counterparty risk accounts for 50% of the Basel II risk-weighted assets but only 31% of the risk exposure, for the standardised approach treats the corresponding assets with heavier weights.

➤ RISK-WEIGHTED ASSETS OF CREDIT AND COUNTERPARTY RISK ^(*)



^(*) Excluding other non credit-obligation assets.

Equity risk

Equity risk accounts for 8% of the Group's risk-weighted assets, reflecting the sharp equity market declines and high volatility in 2008.

Market risk

Market risk accounts for 6% of the Group's Basel II risk-weighted assets, an increase over 2007 due to the exceptional market conditions in 2008, particularly after the bankruptcy of Lehman Brothers.

Almost all of the corresponding capital requirement is covered by the Group's internal model (VaR). This capital requirement doubled in 2008 as extreme financial market volatility affected both sensitivity – leading to higher risk at constant exposure – and the ensuing historic volatility, which altered the covariance matrices used to calculate VaR.

The standardised approach is used to calculate currency risk for all banking and trading books.

Operational risk

Operational risk accounts for 8% of the Group's risk-weighted assets, unchanged from 2007.

Details about each type of risk are given in Sections 5.4. to 5.6.

► SOLVENCY RATIOS

<i>In millions of euros</i>	1 January 2009 (Basel II)	31 December 2008 (Basel II)	31 December 2007 (Basel I - ESR)
Tier 1 capital	41,799	41,799	37,601
Tier 2 capital	17,951	17,951	19,224
Tier 2 prudential deductions	(1,003)	(1,003)	(3,254)
Tier 3 capital	752	752	1,013
Total capital	59,499	59,499	54,584
Risk-weighted assets	527,643 ^(*)	535,147 ^(*)	533,210
TIER 1 RATIO	7.9%	7.8%	7.1%
TOTAL CAPITAL RATIO	11.2%	11.1%	10.2%

^(*) Based on the 90% floor applicable in 2008.

^(**) Based on the 80% floor applicable in 2009.

The Group's capital requirement is calculated according to the transposition into French law of the EU Directive on capital adequacy for investment firms and credit institutions.

The transition from Basel I to Basel II allowed to reduce the Group's risk-weighted assets thanks to the high quality of the Group's portfolios. At 31 December 2008, the Group calculated its solvency ratios on the basis of risk-weighted assets equal to 90% of the risk-weighted assets under Basel I, as required by the French banking supervisor for the transition period from Basel I to Basel II (Article 391 of the French Decree of 20 February 2007). This results in total risk-weighted assets of EUR 535 billion, which mitigated the effect of the transition.

The Group's Tier 1 ratio improved by 72 bp at 31 December 2008, primarily as a result of an increase in Tier 1 capital (which raised the ratio by 75 bp).

Starting 1 January 2009, the banking supervisor's floor for calculating risk-weighted assets decreased to 80% of the Basel I risk-weighted assets. Therefore from this same date the Group calculates its solvency ratios using Basel II risk-weighted assets. This increases the Group's Tier 1 and overall solvency ratios by 10 bp to 7.9% and 11.2%, respectively.

5.4 Credit and counterparty risk

(See Note 4.d. to the Financial Statements, "Credit and counterparty risk".)

CREDIT RISK

This section does not include counterparty risk and other non credit-obligation assets.

CREDIT RISK MANAGEMENT POLICY

(See Note 4.d. to the Financial Statements, "Management of credit risk - lending activities".)

CREDIT RISK DIVERSIFICATION

INDUSTRY DIVERSIFICATION

(See Note 4.d. to the Financial Statements, "Industry diversification".)

GEOGRAPHIC DIVERSIFICATION

(See Note 4.d. to the Financial Statements, "Geographic diversification".)

CREDIT RISK: STANDARDISED APPROACH

(See Note 4.d. to the Financial Statements, "Quality of the portfolio exposed to credit risk")

The following table gives the breakdown by counterparty credit rating of the loans and commitments for all of the Group's business lines using the standardised approach. This exposure represents EUR 325 billion of the gross credit risk.

<i>In millions of euros</i>	External rating ⁽¹⁾	Gross exposure	Exposure at Default (EAD)	Risk-weighted exposure (RWA)	Capital requirement
Central governments and central banks	AAA to AA-	11,706	11,681	10	1
	A+ to A-	1,984	1,991	144	12
	BBB+ to BBB-	133	133	7	1
	BB+ to BB-	2,164	2,153	1,957	156
	B+ to B-	25	23	23	2
	CCC+ to D	22	22	33	2
	No external rating	644	617	577	46
Total		16,678	16,620	2,751	220
Institutions	AAA to AA-	21,548	20,782	4,146	332
	A+ to A-	3,747	3,367	760	61
	BBB+ to BBB-	531	421	346	28
	BB+ to BB-	1,102	1,035	1,032	83
	B+ to B-	237	227	227	18
	No external rating	6,663	6,496	6,131	490
Total		33,828	32,328	12,642	1,011
Corporates	AAA to AA-	2,415	2,392	499	40
	A+ to A-	575	562	280	22
	BBB+ to BBB-	353	317	316	25
	BB+ to BB-	144	129	129	10
	B+ to B-	149	142	212	17
	CCC+ to D	10	10	16	1
	No external rating	126,787	102,828	99,852	7,988
Total		130,434	106,381	101,303	8,104
Retail	No external rating	144,312	120,980	68,679	5,494
Total		144,312	120,980	68,679	5,494
TOTAL		325,252	276,309	185,375	14,830

⁽¹⁾ Source: Standard & Poor's

The table above excludes counterparty risk, other non credit-obligation assets, and securitisation positions.

Almost 80% of the Group's exposures towards central governments, central banks, and institutions are investment grade.

Group entities that use the standardised approach to calculate their capital requirement typically have a business model that is

focused on individuals or SMEs, or are located in a region with an underdeveloped credit rating system (e.g. Turkey, Ukraine, or the Middle East). As a result, most companies do not have an external rating under the standardised approach.

CREDIT RISK: INTERNAL RATINGS BASED APPROACH (IRBA)

INTERNAL RATING SYSTEM

(See Note 4.d. to the Financial Statements, "Internal rating system")

The tables below give the breakdown by internal rating of the loans and commitments for all of the Group's business lines using the advanced IRBA. The tables also give the weighted averages of two of the main risk parameters in the Basel framework: average Credit Conversion Factor (CCF) for off-balance sheet items and average Loss Given Default (LGD).

CREDIT RISK EXPOSURE BY CLASS AND INTERNAL RATING

Corporate portfolio

The following table gives the breakdown by internal rating of the corporate loans and commitments (asset classes: corporates, central governments and central banks, and institutions) for all of the Group's business lines using the advanced IRBA. This exposure represents EUR 495.5 billion of the gross credit risk and concerns CIB, French Retail Banking and BNP Paribas Securities Services (BP2S) in the AMS division.

<i>In millions of euros</i>	Internal rating	Total exposure	Balance sheet exposure	Off-balance sheet exposure	Average CCF	Exposure at Default (EAD)	Average LGD	Average RW	Average expected loss
Central governments and central banks	1	70,435	70,360	75	55%	70,512	1%	0%	0
	2	6,047	5,896	151	55%	5,987	1%	0%	0
	3	1,622	1,584	38	95%	1,623	20%	9%	0
	4	259	47	212	100%	259	19%	11%	0
	5	1,448	1,298	150	55%	1,382	42%	49%	2
	6	665	309	356	55%	505	9%	23%	0
	7	830	616	214	58%	741	8%	22%	2
	8	350	288	62	53%	319	10%	36%	2
	9	269	181	88	50%	225	23%	100%	6
	10	373	150	223	83%	327	36%	194%	22
	11	12	12	0	55%	11	64%	0%	8
	12	0	0	0		0	80%	0%	0
Total		82,310	80,742	1,567	66%	81,891	3%	3%	42
Institutions	1	32,368	26,326	6,042	65%	30,319	9%	2%	1
	2	38,809	31,427	7,382	64%	36,252	15%	4%	2
	3	7,101	5,693	1,408	62%	6,589	28%	14%	1
	4	4,976	3,900	1,076	67%	4,632	32%	21%	2
	5	3,970	3,518	452	73%	3,855	33%	38%	4
	6	3,225	1,997	1,228	75%	2,940	32%	63%	9
	7	1,250	948	302	67%	1,154	38%	108%	13
	8	2,435	1,711	724	57%	2,124	25%	87%	33
	9	353	158	195	52%	261	50%	222%	15
	10	872	385	487	51%	640	18%	91%	20
	11	594	240	354	86%	550	56%	0%	232
	12	43	36	7	98%	43	69%	0%	22
Total		95,996	76,339	19,657	65%	89,359	17%	13%	354
Corporates	1	9,361	2,784	6,577	66%	7,141	27%	7%	1
	2	49,081	14,653	34,428	61%	35,712	36%	13%	4
	3	40,744	17,722	23,022	54%	30,269	38%	22%	9
	4	54,828	27,707	27,121	56%	42,995	37%	33%	26
	5	48,447	29,998	18,449	62%	41,555	35%	47%	50
	6	51,450	33,627	17,823	65%	45,272	30%	64%	136
	7	42,335	27,745	14,590	71%	38,186	26%	78%	291
	8	11,051	7,171	3,880	80%	10,296	25%	96%	173
	9	2,838	1,866	972	75%	2,594	30%	143%	86
	10	2,799	1,251	1,548	80%	2,500	21%	114%	96
	11	3,182	2,844	338	84%	3,130	49%	0%	1,598
	12	1,097	1,022	75	78%	1,082	64%	0%	725
Total		317,213	168,390	148,823	62%	260,732	33%	46%	3,194
TOTAL		495,519	325,470	170,049	62%	431,982	24%	31%	3,590

Average CCF = Average of Credit Conversion Factor weighted by off-balance sheet exposure.

Average LGD = Average Loss Given Default weighted by Exposure at Default.

Average RW = Average risk weight.

Most of the Group's central government and corporate counterparties are investment grade and based in developed countries, meaning that they have very good internal ratings and low average Loss Given Default levels.

The majority of the Group's corporate commitments concerns counterparties of good or excellent quality, reflecting the large percentage of multinationals in BNP Paribas' customer base. The Group's commitments with non-investment grade borrowers are mainly structured transactions or transactions backed by high-quality assets, reflected in their Loss Given Default levels.

Retail portfolio

The following table gives the breakdown by internal rating of the retail loans and commitments for all of the Group's business lines using the advanced IRBA. This exposure represents EUR 121 billion of the gross credit risk and primarily concerns French Retail Banking and French customer loans subsidiaries in the Personal Finance business.

<i>In millions of euros</i>	Internal rating	Total exposure	Balance sheet exposure	Off-balance sheet exposure	Average CCF	Exposure at Default (EAD)	Average LGD	Average RW	Average expected loss
Mortgages	2	17,843	17,292	551	100%	17,820	14%	1%	1
	3	8,570	8,340	229	100%	8,558	15%	3%	1
	4	6,977	6,796	181	100%	6,968	15%	5%	1
	5	10,454	10,140	314	100%	10,440	15%	8%	5
	6	3,209	3,102	107	100%	3,204	16%	18%	4
	7	2,071	1,923	148	100%	2,068	16%	34%	7
	8	27	26	1	100%	27	16%	71%	0
	9	1,057	1,043	14	100%	1,055	16%	82%	19
	10	365	360	5	100%	365	17%	96%	11
	11	327	326	1	100%	327	30%	0%	101
Total		50,900	49,349	1,551	100%	50,832	15%	8%	150
Revolving exposures	2	2,624	467	2,157	163%	3,973	41%	1%	1
	3	2,206	550	1,656	116%	2,472	45%	2%	1
	4	3,492	330	3,162	75%	2,702	44%	4%	2
	5	5,523	523	5,000	61%	3,564	39%	7%	5
	6	6,336	1,220	5,116	60%	4,270	38%	16%	17
	7	4,679	2,187	2,492	74%	4,034	44%	41%	55
	8	1,463	1,002	461	73%	1,340	43%	65%	37
	9	1,069	780	289	79%	1,009	44%	90%	47
	10	1,295	1,033	262	60%	1,190	45%	130%	152
	11	1,535	1,165	370	13%	1,214	74%	0%	914
Total		30,222	9,256	20,967	79%	25,768	43%	24%	1,231
Other retail	2	2,501	2,297	204	100%	2,514	30%	3%	0
	3	3,145	2,821	324	88%	3,126	27%	5%	1
	4	4,709	4,336	373	70%	4,618	28%	9%	2
	5	5,803	5,322	481	71%	5,697	26%	17%	6
	6	5,419	4,976	443	66%	5,327	27%	29%	14
	7	6,548	6,203	345	72%	6,545	19%	34%	43
	8	3,331	3,150	181	73%	3,340	19%	35%	45
	9	2,941	2,833	108	84%	2,991	25%	49%	90
	10	2,434	2,425	9	74%	2,432	20%	53%	186
	11	3,175	3,103	72	91%	3,165	63%	0%	2,066
Total		40,006	37,466	2,539	76%	39,755	27%	23%	2,453
TOTAL		121,128	96,072	25,056	65%	116,355	25%	17%	3,834

Most of the mortgage exposures concern the French Retail Banking business, which issues mortgages according to well-defined procedures. The average Loss Given Default is generally covered by guarantees put in place when the mortgages were granted.

Most of the Revolving exposures and Other retail exposures relate to customer loans subsidiaries that have a wide range of customers in terms of credit quality and a lower level of guarantees.

EXPOSURE IN DEFAULT, PROVISIONS, AND COST OF RISK

(See Note 4.d. to the Financial Statements, "Impairment procedures")

(See Note 4.d. to the Financial Statements, "Loans with past-due instalments, whether impaired or not, and related collateral or other securities")

► EXPOSURES IN DEFAULT BY GEOGRAPHIC BREAKDOWN

In millions of euros	Total gross exposure	Exposure in default ^(*)		Fair value adjustment
		Standardised approach	IRBA	
France	295,381	1,894	5,389	4,217
Italy	141,255	5,664	32	3,101
EU 15 (ex- France and Italy)	161,284	944	1,206	998
Switzerland and other EEA countries	35,127	206	219	303
Other European countries	17,698	224	205	190
North America	162,208	690	998	855
Latin America	22,477	166	469	274
Africa and the Middle East	61,709	991	365	787
Japan and Oceania	37,465	2	921	261
Other Asia	38,207	64	213	158
TOTAL	972,810	10,846	10,016	11,146

^(*) Gross exposure before guarantees

► EXPOSURES IN DEFAULT, FAIR VALUE ADJUSTMENTS, AND COST OF RISK BY BASEL II ASSET CLASS

The cost of risk in the table below relates to credit risk, and does not include impairments on market financial instruments.

In millions of euros	Total gross exposure	Exposure in default ^(*)		Fair value adjustment	Portfolio impairment	Cost of risk
		Standardised approach	IRBA			
Central governments and central banks	98,987	71	12	94		
Retail	265,440	6,096	5,038	6,160		
Corporates	447,646	4,620	4,279	4,721		
Institutions	129,825	57	637	127		
Securitisation positions	30,911	3	51	44		
TOTAL	972,810	10,846	10,016	11,146	3792	(3,973)

^(*) Gross exposure before guarantees

(See Note 2.f. to the Financial Statements, "Cost of risk".)

COUNTERPARTY RISK

(See Note 4.d. to the Financial Statements, "Credit and counterparty risk")

The Group's counterparty risk exposures on derivatives cover all derivatives in BNP Paribas' portfolios, whatever the underlying assets or divisions. Most of these exposures concern the Fixed Income business line.

The exposure on securities financing transactions and deferred settlement transactions concern the Fixed Income business (primarily on bonds), the Stock Lending and Borrowing business (primarily on equity), and BNP Paribas Securities Services (BP2S) (both bonds and equity).

► EXPOSURES AT DEFAULT (EAD) BY CALCULATION APPROACH

In millions of euros	Internal model ⁽¹⁾ (ValRisk)			Standard method	TOTAL
	IRBA	Standardised	Sub-total	Standardised	
Derivatives	84,019	170	84,189	2,296	86,485
Securities financing transactions and deferred settlement transactions	20,388	0	20,388		20,388
TOTAL	104,407	170	104,577	2,296	106,873

⁽¹⁾ EAD calculation method.

Most of the Exposures at Default (EAD) on counterparty risk is calculated using internal models as discussed in Note 4.d. to the Financial Statements. A standard method is used for the 2% of the Group's exposure that is not calculated by internal models.

The risk-weighted assets for counterparty risk are then calculated by multiplying the EAD by a weighting factor that depends on the approach used (standardised approach or IRBA).

SECURITISATION TRANSACTIONS

SECURITISATION

(See Note 4.d. to the Financial Statements, "Securitisation")

ACCOUNTING METHODS

(See Note 1. to the Financial Statements, "Summary of significant accounting policies applied by the Group")

SECURITISED ASSETS

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

Assets securitised as part of proprietary securitisation transactions that do not meet the Basel II eligibility criteria remain in the portfolio to which they were initially assigned. The corresponding capital requirement is calculated as if the assets were not securitised.

PILLAR 3

Credit and counterparty risk

The securitisation transactions discussed below cover only those deemed effective under Basel II.

► **SECURITISATION EXPOSURES ON TRANSACTIONS ORIGINATED BY BNP PARIBAS BY SECURITISATION TYPE**

<i>In millions of euros</i>		
Securitisation type	Calculation approach	Securitisation exposure
Traditional	IRBA	424
	Standardised	4,442
TOTAL		4,866

► **SECURITISATION EXPOSURES ON TRANSACTIONS ORIGINATED BY BNP PARIBAS BY UNDERLYING ASSET CATEGORY**

<i>In millions of euros</i>	
Asset class	Securitisation exposure
Residential loans	4,442
Consumer loans	389
Loans to corporates or SMEs	35
TOTAL	4,866

As of 31 December 2008, eight property securitisation transactions were deemed effective under Basel II: three carried out by the Italian subsidiary BNL (Vela Home 1, Vela Home 2, and Vela Home 3); and five carried out by the Spanish subsidiary UCI (UCI 10, UCI 12, UCI 15, UCI 16, and UCI 17).

Only one consumer loan securitisation transaction was deemed effective as of this date, and that transaction was carried out by the Personal Finance business.

As of 31 December 2008, the Group had arranged securitisation transactions for EUR 35 million of loans to corporates (Leveraged Finance II, III, and IV).

SECURITISATION POSITIONS

► **SECURITISATION POSITIONS HELD OR ACQUIRED BY CALCULATION APPROACH**

<i>In millions of euros</i>		
Calculation approach	Exposure at Default (EAD)	Risk-weighted assets
IRBA	25,499	7,928
Standardised	5,412	3,297
TOTAL	30,911	11,225

Under the new Basel II prudential rules, securitisation risk-weighted assets amount to 2% of the Group's total risk-weighted assets.

In standardised approach, risk-weighted assets are calculated by multiplying the Exposure at Default (EAD) by a weighting factor that is based on an external rating of the securitisation position, as required by Article 222 of the French Decree of 20 February 2007. A transparency weighting factor may also be applied in a small number of cases. Securitisation positions rated B+ or lower, or without an external rating, are given a weighting factor of 1250%. The standardised approach is used for securitisation positions originated by BNL or UCI, and for securitisation investments made by BancWest or the AMS division.

In IRBA, risk-weighted assets are calculated according to one of the following methods:

- If the securitisation position has an external rating, the Group uses an external ratings-based method whereby the position's weighting factor is determined directly from a correspondence table provided

by the banking supervisor that matches weighting factors to external ratings.

- If the securitisation position does not have an external rating, and if BNP Paribas is the originator or sponsor, the Group uses the Supervisory Formula Approach. In this approach the weighting factor is calculated from a formula provided by the banking supervisor that factors in the internal credit rating of the underlying asset portfolio, as well as the structure of the transaction (most notably the amount of default insurance subscribed out by the Group).
- A transparency weighting factor may also be applied in a small number of cases.

Securitisation positions held by the CIB division were calculated using IRBA as of 31 December 2008.

The Group obtains its external ratings from the ratings agencies Standard & Poor's, Moody's, and Fitch, and matches these ratings with the credit quality levels set forth in French regulations according to a procedure outlined by the French banking supervisor.

► **SECURITISATION POSITION QUALITY**

Over 75% of the securitisation positions held or acquired by the Group are senior tranches, reflecting the high quality of the Group's portfolio. The corresponding Exposures at Default (EADs) and weighting factors are given in the following tables.

<i>In millions of euros</i>	
Tranche	Exposure at Default (EAD)
Most senior tranche	23,792
Mezzanine tranche	6,949
First-loss tranche	170
TOTAL	30,911

► **SECURITISATION POSITIONS BY APPROACH, CALCULATION METHOD, AND WEIGHTING FACTOR**

► *IRBA*

<i>In millions of euros</i>	
Weighting factor	Exposure at Default (EAD)
External ratings-based method	
6% - 10%	4,605
12% - 18%	1,493
20% - 35%	2,612
50% - 75%	200
100%	271
250%	62
425%	71
650%	83
Sub-total	9,397
1250%	371
Supervisory Formula Approach	15,613
Transparency weighting method	118
TOTAL	25,499

Out of the EUR 9.4 billion of securitisation positions with an external rating:

- around half (by EAD) are rated above A+ and therefore have a risk weight of less than 10%; and
- the vast majority (93% by EAD) are rated above BBB+.

► *Standardised approach*

<i>In millions of euros</i>	
Weighting factor	Exposure at Default (EAD)
External ratings-based method	
20%	4,797
50%	232
100%	154
350%	36
Sub-total	5,219
1250%	185
Transparency weighting method	8
TOTAL	5,412

Out of the EUR 5.2 billion of securitisation positions with an external rating, the vast majority (90% by EAD) are rated above AA- and therefore have a weighting factor of 20%.

Customer securitisation programmes

(See the 2008 Review of Operations, Section 3.3., "Selected exposures based on Financial Stability Forum recommendations")

The BNP Paribas Group carries out securitisation programmes involving the creation of special-purpose entities on behalf of its customers. These programmes have liquidity facilities and, where appropriate, guarantee facilities. Special-purpose entities over which the Group does not exercise control are not consolidated.

5.5 Market risk

MARKET RISK RELATED TO FINANCIAL INSTRUMENT TRANSACTIONS

CAPITAL REQUIREMENT FOR MARKET RISK BY CALCULATION APPROACH

The Group relies on an internal model to calculate market risk under Basel I, and the transition to Basel II did not necessitate any immediate changes. However, the Group will update the model from here to 2010 to account for incremental default risk and comply with new regulations.

<i>In millions of euros</i>	Market risk excl. currency risk	Currency risk	Total market risk
Internal model	2,002		2,002
Standardised approach	64	312	376
TOTAL	2,066	312	2,378

MARKET RISKS RELATED TO THE TRADING BOOK

(See Note 4.e. to the Financial Statements, "Hedging of interest rate and currency risks:")

RISK MANAGEMENT POLICY

(See Note 4.e. to the Financial Statements, "Measurement of market risk under normal market conditions")

► CAPITAL REQUIREMENT BY RISK FACTOR

<i>In millions of euros</i>	Capital requirement
Type of risk	
Internal model	2,002
Standardised approach	376
<i>Commodity risk</i>	0
<i>Interest rate risk</i>	64
<i>Equity position risk</i>	0
<i>Foreign exchange risk</i>	312
Additional capital requirement for exceeding large exposure limits	0
TOTAL	2,378

Apart from the foreign exchange risk, only 2.6% of the market risk is calculated under standardised approach. The standardised approach is used throughout the Group for foreign exchange risk. The internal model is used for all of the Group's trading book exposures, most of which concern CIB, with an equal balance among equity, interest rate, and credit risk factor.

INTERNAL MODEL FOR MARKET RISK

(See Note 4.e. to the Financial Statements; "Market risk related to financial instruments")

Market risk under normal market conditions

(See Note 4.e. to the Financial Statements; "Market risk related to financial instruments")

Market risk under extreme market conditions

(See Note 4.e. to the Financial Statements; "Market risk related to financial instruments")

Along with the stress tests that the Group performs to simulate the impact of extreme market conditions on the value of trading portfolios, GRM has outlined stress test scenarios for each market activity in order to obtain an almost real-time assessment of the changes in the risk profile.

The stress test results are presented to business line managers and new stress test limits are established if needed. Since the beginning of the subprime crisis, GRM has been performing daily stress tests in order to obtain an almost real-time assessment of the changes in the risk profile.

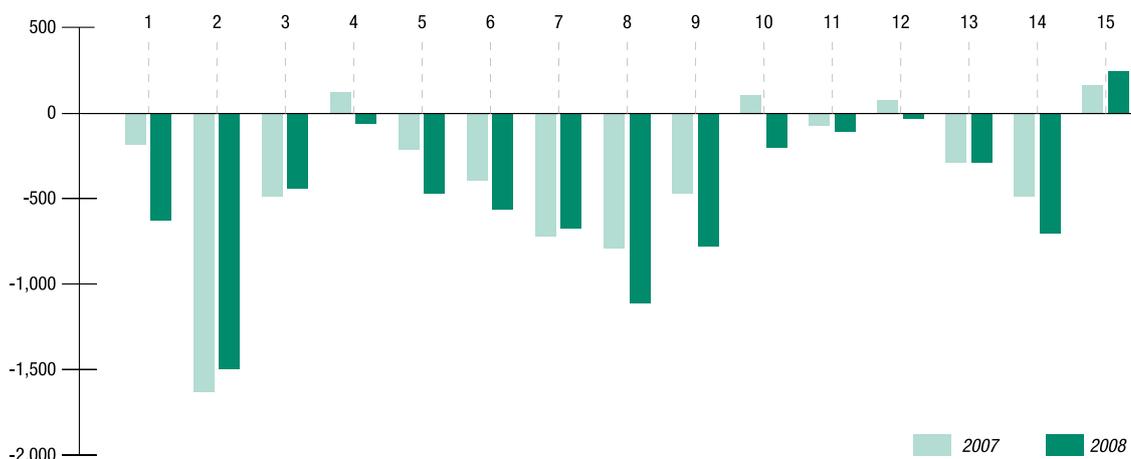
The fifteen stress test scenarios outlined by GRM correspond to crisis situations; i.e., major shocks affecting all market risk factors (interest rate, equity, credit, volatility, currency, etc.). These stress tests have revealed a limited level of potential losses, confirming the Group's strong resilience to market risks; none of these worst-case scenarios taken individually would have a serious adverse impact on the Bank's financial strength.

The fifteen scenarios capture a variety of different stresses as follows:

- Scenario 1: Unexpected hike by Central Banks, driving rates higher with a flattening of the interest rate curve;

- Scenario 2: Stock market crash, coupled with a flight to quality and Central Bank intervention, leading to a drop and steepening of the interest rate curve;
- Scenario 3: Major terrorist attack in Western countries;
- Scenario 4: Collapse of USD due to unsustainable budget and trade deficits, possibly with sale of US Treasuries by Asian Central Banks and investors;
- Scenario 5: Emerging Market crisis driven from Asia;
- Scenario 6: Emerging Market crisis driven from Latin America;
- Scenario 7: Middle-East crisis, driven by Saudi Arabia government being overthrown or severe turmoil between Israel and neighbouring countries, with severe consequences on energy markets;
- Scenario 8: Hedge Fund systemic crisis, leading to sharp moves in all markets where hedge funds are active (CDO correlation, Convertibles, etc.);
- Scenario 9: Credit crunch, driven by some default events or by fears of a global recession and leading to a general risk aversion;
- Scenario 10: Euro confidence crisis, driven by fears of implosion of the currency or withdrawal of some countries;
- Scenario 11: Sharp increase in inflation expectations, driving rates higher with a steepening of the interest rate curve;
- Scenario 12: Drastic change in Japanese monetary policy, with surge and flattening of the JPY interest rate curve and consequences on the JPY currency;
- Scenario 13: Major earthquake in California with consequences on EUR/USD exchange rate and interest rate differential;
- Scenario 14: Eruption of flu pandemic leading to a general risk aversion and sharp fall in equity and credit markets;
- Scenario 15: Mild rally in equity and emerging markets, low realised volatility and drop in implied volatility in all markets.

➤ AVERAGE DECREASES IN 2007 AND 2008 REVENUE FROM MARKET ACTIVITIES, AS A RESULT OF EACH OF THE 15 CRISIS SCENARIOS (in millions of euros)



Trading book measurement method

The trading book is measured at fair value through profit or loss, as required by IAS 39.

MARKET RISK RELATED TO BANKING ACTIVITIES

EQUITY RISK

The following table lists the Group's equity risk exposures by investment objective:

► BREAKDOWN OF RISK EXPOSURE BY INVESTMENT OBJECTIVE

<i>In millions of euros</i>	Exposure ⁽¹⁾
Strategic objective	4,627
Return on investment objective	3,496
Equity investments related to business	2,005
TOTAL	10,128

⁽¹⁾ Fair value.

Most of the Group's equity investments are for strategic purposes or to generate a return.

The internal model is used for almost all of the equity portfolio.

CURRENCY RISK

(See Note 4.e. to the Financial Statements, "Market risk related to banking activities".)

INTEREST RATE RISK

(See Note 4.e. to the Financial Statements, "Market risk related to banking activities".)

5.6 Operational risk

RISK REDUCTION AND HEDGING POLICY

(See Note 4.f. to the Financial Statements, "Operational risk, Risk management framework".)

SCOPE AND APPROACH

The Group Compliance department has outlined the Group's operational risk management approach. This approach uses an operational risk model so as to ensure that the vast majority of operational risks are covered.

The corresponding capital requirement is calculated for each legal entity in the Group's prudential scope. The amount of risk-weighted assets is calculated by multiplying the capital requirement by 12.5.

BNP Paribas uses a hybrid approach combining the Advanced Measurement Approach (AMA), standardised approach, and basic indicator approach. The most significant entities in each division use the AMA; this includes most of FRB, CIB, and AMS.

Entities that are still in the process of adopting the AMA, such as BNL Spa, currently use the standardised approach. Some small, relatively immaterial entities in divisions primarily using the AMA also use the standardised approach.

The basic indicator approach is used in only a few situations, such as for newly-acquired entities, proportionally-consolidated entities (partnerships), or entities in certain emerging countries.

ADVANCED MEASUREMENT APPROACH (AMA)

Under the Advanced Measurement Approach (AMA) for calculating capital requirements, banks must develop an internal operational risk model based on internal loss data (potential and historic), external loss data, scenario analyses, environmental factors, and internal controls.

BNP Paribas' internal model meets the AMA criteria and includes the following features:

- It uses an aggregate annual loss distribution, meaning that the frequency and severity of losses from operational risks are modelled using an actuarial approach and according to distributions calibrated with available data.

- It uses historical data as well as forecasts to calculate capital requirements, with a preponderance of forecasts because forecasts can be shaped to reflect severe risks.
- It is faithful to its input data, so that its results can be used easily by each of the Group's business lines. Most of the assumptions are included in the data themselves.
- It is prudent in its capital requirement calculations. The input data are thoroughly reviewed, and any supplemental data are added if needed to cover all relevant risks within the Group.

The AMA uses VaR (Value at Risk), or the maximum potential loss over one year, at a 99,9% confidence level to calculate regulatory capital requirements. Capital requirements are calculated on an aggregate level using data from all Group entities that have adopted the AMA, then allocated to individual entities.

(See Note 4.f. to the Financial Statements, "Operational risk")

FIXED-PARAMETER APPROACHES

BNP Paribas uses fixed-parameter approaches (basic indicator and standardised) to calculate the capital requirements for entities in the Group's scope of consolidation that do not use an 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% weighting factor).

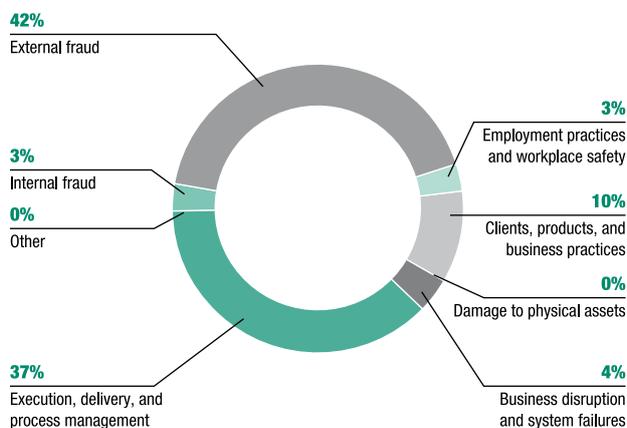
Standardised approach: The capital requirement is calculated by multiplying the entity's average net banking income over the past three years by a beta factor set by the regulator according to the entity's business category. Therefore in order to use the banking supervisor's beta parameters, the Group has divided all its business lines into eight business categories, with each business line assigned to these categories.

OPERATIONAL RISK EXPOSURE

Basel II divides operational loss events into seven categories: (i) internal fraud; (ii) external fraud; (iii) employment practices and workplace safety (e.g. an anomaly in the recruitment process); (iv) clients, products and business practices (e.g. market manipulation, product defects, etc.);

(v) damage to physical assets; (vi) business disruption and system failures; (vii) execution, delivery and process management (e.g. hedging management or valuation error).

► OPERATIONAL LOSSES: BREAKDOWN BY EVENT TYPE (AVERAGE 2006-2008)



External fraud is the main operational loss event for the BNP Paribas Group, accounting for almost 40% of the Group's operational losses on average from 2006 to 2008. External fraud mainly involves payment and credit fraud in the retail banking division. Most attempted fraud (over 95% in consumer credit) is foiled thanks to the Group's tightly-run system. The Group's indirect exposure to the Madoff fraud is another contributor to the losses.

Execution and delivery errors are the second biggest loss event for the BNP Paribas Group. On average during the three years from 2006 to

2008, they accounted for more than one third of the Group's operational losses. This percentage has increased during the last few months with the cost of reversing positions becoming more expensive in a climate of market volatility.

Commercial practices, the third-biggest loss event, accounted for 10% of the Group's operational losses on average in the last three years. Whilst the financial crisis has contributed to an increase in customer complaints, the implementation of a MiFID-compliant control plan has nonetheless played a mitigating role.

Business disruption and other system failures accounted for 4% of the Group's operational losses from 2006 to 2008.

Internal fraud and its impacts remain contained, representing just 3% of losses from 2006 to 2008. However, these relatively low losses should not mask the potential risk inherent to internal fraud. It is a major contributor to the Group's economic and regulatory capital requirement and is a key focus of the operational risk management framework. The internal control enhancement initiative, launched in the aftermath of the massive fraud in the banking sector discovered in early 2008, contains measures for both short-term and medium-term action that meet the guidelines set out in the Lagarde Report (the French Finance Minister's report to the French Prime Minister on lessons learned from recent events at Société Générale).

Employment practices and damage to physical assets are negligible in relative terms, accounting for just 4% of the Group's operational losses from 2006 to 2008.

CAPITAL REQUIREMENT BY CALCULATION APPROACH

(See Section 5.3., "Capital management and capital adequacy")

RISK REDUCTION THROUGH INSURANCE POLICIES

(See Note 4.f. to the Financial Statements, "Insurance policies")

5.7 Appendix: Capital requirements of significant subsidiaries

The following tables give the capital requirements of significant subsidiaries (in terms of their percentage of the Group's total capital requirement) by type of risk, except for market risk on the trading book.

BNL ⁽¹⁾

<i>In millions of euros</i>	Risk-weighted assets ⁽¹⁾	Capital requirement
Credit and counterparty risk	59,639	4,771
Credit and counterparty risk - IRBA	227	18
Corporates	227	18
Institutions	0	0
Credit and counterparty risk - Standardised approach	59,412	4,753
Central governments and central banks	1	0
Corporates	39,787	3,183
Institutions	1,806	144
Retail	14,160	1,133
<i>Other exposures</i>	7,295	584
<i>Mortgages</i>	6,865	549
Securitisation positions	624	50
Other non credit-obligation assets	3,034	243
Equity risk	544	44
Internal model	544	44
<i>Private equity exposures in diversified portfolios</i>	45	4
<i>Exchange traded equity exposures</i>	9	1
<i>Other equity exposures</i>	490	39
Standardised approach	0	0
Market risk	25	2
Standardised approach	25	2
Operational risk	4,516	361
Standardised approach	4,256	341
Basic indicator approach	260	21
TOTAL	64,724	5,178

⁽¹⁾ Year-end

Loans under the IRBA correspond to loans issued by other Group entities that have an intragroup guarantee from BNL Spa.

⁽¹⁾ BNL Spa (ex BNL Progetto Spa), Antigiancassa Spa, BNL Broker Assicurazioni Spa, BNL Finance Spa, BNL Partecipazioni Spa, BNL Positivity Srl, Vela Public Sector Srl, International Factors Italia Ifitalia, and Vela Mortgages Srl.

BANCWEST

<i>In millions of euros</i>	Risk-weighted assets ⁽¹⁾	Capital requirement
Credit and counterparty risk	41,333	3,307
Credit and counterparty risk - IRBA		
Credit and counterparty risk - Standardised approach	41,333	3,307
Central governments and central banks	0	0
Corporates	23,247	1,860
Institutions	1,244	100
Retail	12,637	1,011
<i>Other exposures</i>	6,034	483
<i>Revolving exposures</i>	494	40
<i>Mortgages</i>	6,109	489
Securitisation positions	1,881	150
Other non credit-obligation assets	2,325	186
Equity risk	33	3
Internal model	33	3
<i>Exchange traded equity exposures</i>	8	1
<i>Other equity exposures</i>	25	2
Market risk	17	1
Standardised approach	17	1
Operational risk	2,785	223
Standardised approach	2,785	223
TOTAL	44,168	3,534

⁽¹⁾ Year-end

Scope: BancWest Corporation

PERSONAL FINANCE

<i>In millions of euros</i>	Risk-weighted assets ⁽¹⁾	Capital requirement
Credit and counterparty risk	33,506	2,680
Credit and counterparty risk - IRBA	9,413	753
Corporates	61	5
Institutions	75	6
Retail	9,176	734
<i>Other exposures</i>	4,070	326
<i>Revolving exposures</i>	5,106	408
Securitisation positions	101	8
Credit and counterparty risk - Standardised approach	24,093	1,927
Central governments and central banks	0	0
Corporates	147	12
Institutions	63	5
Retail	22,915	1,833
<i>Other exposures</i>	9,871	790
<i>Revolving exposures</i>	1,285	103
<i>Mortgages</i>	11,759	941
Other non credit-obligation assets	967	77
Equity risk	81	6
Internal model	81	6
<i>Exchange traded equity exposures</i>	0	0
<i>Other equity exposures</i>	81	6
Standardised approach	0	0
Market risk	64	5
Standardised approach	64	5
Operational risk	2,880	230
Advanced Measurement Approach (AMA)	1,624	130
Standardised approach	642	51
Basic indicator approach	614	49
TOTAL	36,531	2,921

⁽¹⁾ Year-end

Scope: Personal Finance sub-consolidation group ⁽¹⁾

⁽¹⁾ Banca UCB, Banco Cetelem Argentina SA, Banco Cetelem (Espagne) SA, Banco Cetelem Portugal, BMCI Credit Conso, BNP Paribas Invest Immo, Cetelem, Cetelem Algeria, Cetelem America Ltda, Cetelem Asia, Cetelem Bank SA, Cetelem Benelux BV, Cetelem Serviços Ltda, Cetelem Bank succ Grece, Cetelem Belgium, Cetelem Brasil SA, Cetelem Cr, Cetelem IFN SA, Cetelem Maroc (ex Attijari Cetelem), Cetelem Mexico SA de CV (SOFOL), Cetelem Polska Expansion SA, Cetelem Processing Services Shanghai Ltd, Cetelem Slovensko A.S, Cetelem Thaïlande, Cetelem UK (ex Halifax Cetelem), Cmv Mediforce, Cofica Bail, Cofiparc SNC, Cofiplan, Credial Italia s.p.a, Credirama Spa, Credisson Holding Limited, Credit Moderne Antilles, Credit Moderne Ocean Indien, Direct Services, Dresdner-Cetelem Kreditbank (ex CTLM Bank), Effico Iberia, Effico Participation SA, Effico Soreco, Effico Portugal, Euro Crédito EFC, European Mortgage Finance IT-2008 - 1 SRL, Facet-IG-13602, FCC Domos 2003, FCC Retail ABS Finance, Fidem, Fimestic Expansion SA, Findomestic IP, JetFinance International, Loisirs Finance SA, Magyar Cetelem Bank Ltd, Metier Regroupement de Crédits - MRC, Norrskan Finance, Projeo, SA Domofinance, SAS Prets & Services, Submarino Finance, Sundaram Home Finance Ltd, UCB HYPOTHEKEN, UCB Service SRL, UCB Succ Allemagne, UCB Succ Belgique, UCB Suisse, Union de Creditos Inmobiliarios, and Union de Credit Pour le Batiment UCB.

BNP PARIBAS SUISSE

<i>In millions of euros</i>	Risk-weighted assets ⁽¹⁾	Capital requirement
Credit and counterparty risk	10,849	868
Credit and counterparty risk - IRBA	10,321	826
Central governments and central banks	8	1
Corporates	9,170	734
Institutions	1,143	91
Credit and counterparty risk - Standardised approach	528	42
Corporates	242	19
Institutions	20	2
Retail	83	7
<i>Other exposures</i>	83	7
Other non credit-obligation assets	183	15
Equity risk	2	0
Internal model	2	0
<i>Other equity exposures</i>	2	0
Standardised approach	0	0
Market risk	0	0
Standardised approach	0	0
Operational risk	681	54
Advanced Measurement Approach (AMA)	681	54
TOTAL	11,532	923

⁽¹⁾ Year-end

Scope: BNP Paribas Suisse SA

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6.1 BNP Paribas SA financial statements

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

<i>In millions of euros, at 31 December</i>	Note	2008	2007
Interest income	2.a	41,639	38,436
Interest expense	2.a	(37,803)	(35,995)
Income on equities and other variable instruments	2.b	3,108	1,770
Commission income	2.c	4,624	4,406
Commission expense	2.c	(1,670)	(1,052)
Gains (losses) on trading account securities		(56)	2,132
Gains (losses) on securities available for sale		(1,107)	50
Other banking income		435	233
Other banking expenses		(200)	(195)
REVENUES		8,970	9,785
Salaries and employee benefit expenses	5.a	(4,180)	(4,811)
Other administrative expenses		(2,621)	(2,355)
Depreciation, amortisation, and provisions on tangible and intangible assets		(435)	(432)
GROSS OPERATING INCOME		1,734	2,187
Cost of risk	2.d	(2,023)	(453)
OPERATING INCOME		(289)	1,734
Net gain (loss) on disposals of long-term investments	2.e	(211)	2,557
Net addition to regulated provisions		14	(44)
INCOME BEFORE TAX		(486)	4,247
Corporate income tax	2.f	1,201	285
NET INCOME		715	4,532

BALANCE SHEET AT 31 DECEMBER 2008

<i>In millions of euros, at 31 December</i>	Note	2008	2007
Assets			
Cash and amounts due from central banks and post office banks		26,238	8,616
Treasury bills and money-market instruments	3.c	144,691	119,575
Due from credit institutions	3.a	400,032	387,315
Customer items	3.b	371,846	350,728
Bonds and other fixed-income securities	3.c	102,603	90,579
Equities and other variable-income securities	3.c	16,961	19,265
Investments in subsidiaries and equity securities held for long-term investment	3.c	5,494	5,679
Affiliates	3.c	43,351	41,172
Leasing receivables		52	50
Intangible assets	3.i	5,382	5,187
Tangible assets	3.i	2,248	2,240
Treasury shares	3.d	177	331
Other assets	3.g	307,662	151,312
Accrued income	3.h	91,125	76,808
TOTAL ASSETS		1,517,862	1,258,857
Liabilities			
Due to central banks and post office banks		680	285
Due to credit institutions	3.a	492,110	459,441
Customer items	3.b	306,589	255,753
Debt securities	3.f	166,263	151,899
Other liabilities	3.g	406,442	251,910
Accrued expenses	3.h	80,274	74,706
Provisions	3.j	2,693	2,957
Subordinated debt	3.k	28,310	25,450
TOTAL LIABILITIES		1,483,361	1,222,401
Shareholders' equity			
Share capital	6.b	1,824	1,811
Additional paid-in capital		8,819	8,477
Retained earnings		23,143	21,636
Net income		715	4,532
TOTAL SHAREHOLDERS' EQUITY		34,501	36,456
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,517,862	1,258,857
Off-balance sheet items			
Commitments given			
Financing commitments	4.a	147,186	182,177
Guarantee commitments	4.b	123,788	182,587
Commitments given on securities		1,191	529
Commitments received			
Financing commitments	4.a	96,783	87,059
Guarantee commitments	4.b	155,922	102,917
Commitments received on securities		34	247

Notes to the parent company financial statements

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED BY BNP PARIBAS SA

BNP Paribas SA's financial statements have been prepared in accordance with the accounting principles applied by credit institutions in France.

AMOUNTS DUE FROM CREDIT INSTITUTIONS AND CUSTOMERS

Amounts due from credit institutions include all subordinated and unsubordinated loans made in connection with banking transactions with credit institutions, with the exception of debt securities. They also include assets purchased under resale agreements, whatever the type of assets concerned, and receivables corresponding to securities sold under collateralised repurchase agreements. They are broken down between demand loans and deposits and term loans and time deposits.

Amounts due from customers include loans to customers other than credit institutions, with the exception of loans represented by debt securities issued by customers, assets purchased under resale agreements, whatever the type of assets concerned, and receivables corresponding to securities sold under collateralised repurchase agreements. They are broken down between commercial loans, customer accounts in debit and other loans.

Amounts due from credit institutions and customers are recorded in the balance sheet at nominal value plus accrued interest not due yet.

Outstanding loans and confirmed credit facilities are classified into sound loans – including sound restructured loans – and doubtful loans. The same analysis is performed for credit risks attached to forward financial instruments whose present value represents an asset for the Group.

Credit risks on outstanding loans and confirmed credit facilities are monitored with an internal rating system, based on two key parameters: the probability of default by the counterparty, expressed as a rating, and the overall recovery rate determined by reference to the type of transaction. There are 12 counterparty ratings, ten covering sound loans and two corresponding to doubtful loans and loans classified as irrecoverable.

Doubtful loans are defined as loans where the bank considers that there is a risk of borrowers being unable to honour all or part of their commitments. This is the case of all loans on which one or more instalments are more than three months overdue (six months in the case of real estate loans and six months for loans to local governments), as well as loans for which legal procedures have been launched. When a loan is classified as doubtful, all other loans and commitments to the debtor are automatically assigned the same classification.

The Bank recognises an impairment for doubtful accounts on these loans, of an amount corresponding to the difference between the total loan value and current value of the future cash flows (from principal, interest, and any realised guarantees) that are deemed recoverable, using a discount rate equal to the original effective interest rate for fixed-rate loans, or the most recent contractual interest rate for floating-rate loans. The guarantees considered here include mortgages and pledges on assets,

as well as credit derivatives acquired by the Bank as a protection against credit losses in the loan book.

If a loan is restructured because the borrower is facing financial difficulties, the Bank calculates a discount at the current value of the difference between the old and new repayment terms. These discounts are recognised as a deduction to assets and reversed through income on an actuarial basis over the remaining term of the loan. If any instalments on a restructured loan are not paid, the loan is permanently reclassified as irrecoverable regardless of the terms of the restructuring.

In the case of doubtful loans where the borrower has resumed to make regular payments in accordance with the original repayment schedule, the loan is reclassified as sound. Doubtful loans that have been restructured are also reclassified as sound, provided that the restructuring terms are met.

Irrecoverable loans include loans to borrowers whose credit standing is such that after a reasonable time recorded in doubtful loans, no reclassification as sound loans is foreseeable, loans where an event of default has occurred, almost all restructured loans where the borrower has once again defaulted, and loans classified as doubtful for more than one year that are in default and are not secured by guarantees covering substantially all of the amount due.

Impairments for credit risks on assets are deducted from the carrying amount of the assets. Provisions recorded under liabilities include provisions related to off-balance sheet commitments, provisions for losses on interests in real estate development programmes, provisions for claims and litigation, provisions for unidentified contingencies and provisions for unforeseeable industry risks.

Additions to and recoveries of provisions and write-offs, losses on irrecoverable loans, recoveries on loans covered by provisions and discounts calculated on restructured loans are recorded in the profit and loss account under "Cost of risk."

The interest received from the repayment of the carrying amount of loans that have been written-down, as well as the reversals of discounting effects and the discount on restructured loans, are recognised under "Interest income."

REGULATED SAVINGS AND LOAN CONTRACTS

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

These products contain two types of obligations for BNP Paribas: (i) an obligation to pay interest on the savings for an indefinite period, at a rate set by the government on inception of the contract (in the case of PELs) or at a rate reset every six months using an indexation formula set by law (in the case of CELs); and (ii) an obligation to lend to the

customer (at the customer's option) an amount contingent upon the rights acquired during the savings phase, at a rate set on inception of the contract (in the case of PELs) or at a rate contingent upon the savings phase (in the case of CELs).

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

At-risk outstandings are estimated on the basis of a historical analysis of customer behaviour, and equate to: statistically probable loan outstandings and the difference between statistically probable outstandings and minimum expected outstandings, with minimum expected outstandings being deemed equivalent to unconditional term deposits.

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

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

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

SECURITIES

The term "securities" covers interbank market securities, Treasury bills and negotiable certificates of deposit, bonds and other fixed income securities (whether fixed- or floating-rate), and equities and other variable-income securities.

In application of standard CRC 2005-01, securities are classified as "Trading account securities," "Securities available for sale," "Equity securities available for sale in the medium-term," "Debt securities held to maturity," "Equity securities held for long-term investment," or "Investments in subsidiaries and affiliates."

Investments in companies accounted for under the equity method are recorded on a separate line of the consolidated balance sheet.

When a credit risk has occurred, fixed income securities held in the "available for sale" or "held to maturity" portfolio are classified as doubtful, based on the same criteria as those applied to doubtful loans and commitments.

When securities exposed to counterparty risk are classified as doubtful and the related provision can be separately identified, the corresponding charge is included in "Cost of risk."

TRADING ACCOUNT SECURITIES

"Trading account securities" are securities bought or sold with the intention of selling them or repurchasing them in the near-term, as well as those held as a result of market-making activities. These securities are valued at market value if they meet the following criteria:

- they can be traded on an active market (i.e., a market where third parties have continuous access to market prices through a securities exchange, brokers, traders, or market-makers);
- the market prices reflect actual, regularly-occurring transactions taking place under normal competition.

"Trading account securities" also include securities bought or sold for specific asset management objectives (especially in terms of sensitivity) for trading books comprised of forward financial instruments, securities, or other financial instruments taken globally.

Changes in the market value of these securities are recognised in income. "Trading account securities" cannot be reclassified into another category, and must follow the valuation rules for this category until they are sold, fully redeemed, or recognised as a loss and consequently removed from the balance sheet.

In the case of exceptional circumstances necessitating a change in investment strategy, "Trading account securities" can be reclassified as "Securities available for sale" or "Debt securities held to maturity" depending on the new strategy.

If fixed-income securities classified as "Trading account securities" can no longer be traded on an active market, and if the Bank has the intention and ability to hold these securities for the foreseeable future or until maturity, they can be reclassified as "Securities available for sale" or "Debt securities held to maturity."

The accounting rules for the new category would apply to reclassified securities as of the reclassification date.

If the market in which securities classified as "Trading account securities" were purchased can no longer be considered active, the securities will be valued using methods that take into account the new market conditions.

SECURITIES AVAILABLE FOR SALE

The "Securities available for sale" category includes securities not classified into one of the other categories.

Bonds and other fixed-income securities are valued at the lower of cost (excluding accrued interest) and probable market value, which is generally determined on the basis of stock market prices. Accrued interest is posted to the profit and loss account under "Interest income on bonds and other fixed-income securities."

The difference between cost and the redemption price of fixed income securities purchased on the secondary market is recognised in income using the actuarial method. In the balance sheet, their carrying amount is amortised to their redemption value over their remaining life.

Equities are valued at the lower of cost and probable market value, which is generally determined on the basis of stock market prices, for listed equities, or the BNP Paribas SA's share in net assets calculated on the basis of the most recent financial statements available, for unlisted equities. Dividends received are recognised in income under "Income on equities and other variable income instruments" on a cash basis.

The cost of sold securities available for sale is determined on a first in, first out (FIFO) basis. Disposal gains or losses and additions to and reversals of lower of cost and market provisions are reflected in the profit and loss account under "Gains (losses) on securities available for sale."

In the case of exceptional circumstances necessitating a change in investment strategy, or if the securities can no longer be traded on an active market, securities classified as "Securities available for sale" may be reclassified as "Debt securities held to maturity" and must be identified within this portfolio. These securities would then be recognised according to the method used for "Debt securities held to maturity."

EQUITY SECURITIES AVAILABLE FOR SALE IN THE MEDIUM-TERM

The "Equity securities available for sale in the medium-term" comprises investments made for portfolio management purposes, with the aim of realising a profit in the medium term without investing on a long-term basis in the development of the issuer's business. This category includes venture capital investments.

"Equity securities available for sale in the medium-term" are recorded individually at the lower of cost and fair value. Fair value takes into account the issuer's general development outlook and the planned holding period. The fair value of listed stocks corresponds primarily to the average stock market price determined over a one-month period.

DEBT SECURITIES HELD TO MATURITY

Fixed income securities with a specified maturity (mainly bonds, interbank market securities, Treasury bills and other negotiable debt securities) are recorded under "Debt securities held to maturity" to reflect BNP Paribas SA's intention of holding them to maturity.

Bonds classified under this heading are financed by matching funds or hedged against interest rate exposure to maturity.

The difference between cost and the redemption price of these securities is recognised in income using the actuarial method. In the balance sheet, their carrying amount is amortised to their redemption value over their remaining life.

Interest on debt securities held to maturity is recorded in the profit and loss account under "Interest income on bonds and other fixed-income securities."

An impairment is recognised when a decline in the credit standing of an issuer jeopardises redemption at maturity.

If a significant portion of the "Debt securities held to maturity" are sold or reclassified into a different category, the sold or reclassified securities cannot be returned to the "Debt securities held to maturity" category at any time during the current financial period or the following two

financial years. All the securities classified as "Debt securities held to maturity" would then be reclassified as "Equity securities available for sale in the medium-term."

If exceptional market circumstances necessitate a change in investment strategy, and "Trading account securities" and "Equity securities available for sale in the medium-term" are reclassified as "Debt securities held to maturity," the sale of any "Debt securities held to maturity" prior to the maturity date, if the sale occurred because the securities had once again become tradeable on an active market, would not invoke the reclassification clauses in the above paragraph.

EQUITY SECURITIES HELD FOR LONG-TERM INVESTMENT, INVESTMENTS IN SUBSIDIARIES, AND AFFILIATES

Investments in non-consolidated undertakings include investments in affiliates in which BNP Paribas SA exercises significant influence over management and investments considered strategic to BNP Paribas SA's business development. This influence is deemed to exist when BNP Paribas SA holds an ownership interest of at least 10%.

Equity securities held for long-term investment are shares and related instruments that BNP Paribas SA intends to hold on a long-term basis in order to earn a satisfactory long-term rate of return without taking an active part in the management of the issuing company but with the intention of promoting the development of lasting business relationships by creating special ties with the issuer.

Other participating interests consist of shares and other variable-income investments in companies over which BNP Paribas SA has exclusive control (i.e., companies that could be fully incorporated into the Group).

These types of securities are recorded individually at the lower of cost and fair value. Fair value is determined based on available information using a multi-criteria valuation approach, including the discounted future cash flows, sum-of-the-digits and net asset value methods as well as an analysis of ratios commonly used to assess future yields and exit opportunities for each line of securities.

The fair value of listed securities is considered to be at least equal to cost if the stock market price at period-end is no more than 20% below cost. If the stock market price at period-end is more than 20% below cost, and if a multi-criteria valuation shows that an impairment should be recognised on the carrying amount, the fair value is considered to be equal to the stock market price. The same applies if the average stock market price over a 12-month period is more than 30% below cost. For simplicity, listed securities acquired for less than EUR 10 million may be valued based on the average closing stock market price.

Disposal gains and losses and provision movements are recorded in the profit and loss account under "Net gain (loss) on disposals of fixed assets."

Dividends are recorded under "Income from variable-income securities" when they have been declared by the issuers' shareholders or on a cash basis when the shareholders' decision is not known.

TREASURY SHARES

Treasury shares held by BNP Paribas SA are classified and valued as follows:

- treasury shares purchased under a market-making agreement or acquired in connection with index arbitrage transactions are recorded under "Trading account securities" at market price.
- treasury shares held for allocation to employees are recorded at the lower of cost and market price under "Securities available for sale." Where appropriate, an impairment is recognised for the difference between the cost of the shares and the option exercise price for BNP Paribas employees (this difference is zero for share awards). The portion of shares granted to employees of BNP Paribas SA subsidiaries is charged to the subsidiaries over the vesting period.
- Pursuant to CRC regulation 2008-17 dated 30 December 2008, BNP Paribas SA changed this accounting method so that treasury shares held for allocation to employees are valued according to the procedure set forth in CRC regulation 2008-15 concerning the accounting of stock options and share awards. Under CRC regulation 2008-15, such treasury shares are not impaired, but a provision is recognised for these shares based on the services provided by the employees who will receive the shares. BNP Paribas SA has not applied CRC regulations 2008-15 and 2008-17 retroactively.
- treasury shares that are intended to be cancelled or that are not being held for either of the above reasons are included in long-term investments. Treasury shares intended to be cancelled are stated at cost; all others are stated at the lower of cost and fair value.

FIXED ASSETS

Buildings and equipment are stated at acquisition cost or at the adjusted value determined in accordance with France's appropriation laws of 1977 and 1978. Reevaluation differences on non-depreciable assets, recorded at the time of these legal revaluations, are included in share capital.

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

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

Subsequent to initial recognition, fixed assets are measured at cost less accumulated depreciation or amortisation and any impairment losses.

Fixed assets are depreciated or amortised using the straight-line method over the useful life of the asset. Depreciation and amortisation expense is recognised in the profit and loss account under "Depreciation, amortisation, and provisions on tangible and intangible assets."

The portion of recognised depreciation or amortisation that exceeds the accounting depreciation or amortisation calculated on a straight-line basis is recorded in the balance sheet as a liability, under "Regulatory provisions: accelerated depreciation and amortisation." BNP Paribas SA does not calculate the tax effects of accelerated depreciation and amortisation.

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

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

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

Depreciable fixed assets are tested for impairment if there is an indication of potential impairment at the balance sheet date. Non-depreciable assets are tested for impairment annually.

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

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

AMOUNTS DUE TO CREDIT INSTITUTIONS AND CUSTOMERS

Amounts due to credit institutions are classified into demand accounts and time deposits and borrowings. Customer deposits are classified into regulated savings accounts and other customer deposits. These sections include securities and other assets sold under repurchase agreements. Accrued interest is recorded on a separate line.

DEBT SECURITIES

Debt securities are analysed between retail certificates of deposit, interbank market securities, negotiable certificates of deposit, bonds and other debt instruments. This section does not include subordinated notes which are recorded under "Subordinated debt".

Accrued interest on debt securities is recorded on a separate line of the balance sheet and is debited to the profit and loss account.

Bond issue and redemption premiums are amortised by the yield-to-maturity method over the life of the bonds. Bond issuance costs are amortised by the straight-line method over the life of the bonds.

PROVISIONS FOR INTERNATIONAL COMMITMENTS

Provisions for international commitments are based on the evaluation of non-transfer risk related to the future solvency of each of the countries at risk and on the systemic credit risk incurred by debtors in the event of a constant and durable deterioration of the overall situation and economies of these countries. Allocations and reversals of these provisions are reflected in the profit and loss account under "Cost of risk."

PROVISIONS FOR ITEMS NOT RELATED TO BANKING TRANSACTIONS

BNP Paribas SA records provisions for clearly identified contingencies and charges, of uncertain timing or amount. In accordance with current regulations, these provisions for items not related to banking transactions may be recorded only if the Bank has an obligation to a third party at year-end, there is a high probability of an outflow of resources to the third party, and no equivalent economic benefits are expected in return from the third party.

COST OF RISK

The Cost of risk line item includes expenses arising from the identification of counterparty risks, litigation, and fraud inherent to banking transactions conducted with third parties. Net movements in provisions that do not fall under the category of such risks are classified in the profit and loss account according to their type.

FORWARD FINANCIAL INSTRUMENTS

Forward financial instruments are purchased on various markets for use as specific or general hedges of assets and liabilities, or for transaction purposes.

The Bank's commitments related to these instruments are recognised off-balance sheet at nominal value. The accounting treatment of these instruments depends on the corresponding investment strategy.

Derivatives held for hedging purposes

Income and expenses related to forward derivatives held for hedging purposes and designated to one instrument or a group of homogeneous instruments are recognised in income symmetrically with the income and expenses on the underlying instrument, and under the same heading.

Income and expenses related to forward financial instruments used to hedge overall interest rate risk are recognised in income on a prorata basis.

Derivatives held for transaction purposes

Derivatives held for transaction purposes can be traded on organised markets or over-the-counter.

Derivatives held within a trading book are valued at market value on the balance sheet date. The corresponding gains and losses (realised and unrealised) are recognised in income under "Gains (losses) on trading account securities."

The market value is determined from:

- either from the listed price, if one is available;
- or from a valuation method using recognised financial models and theories with parameters calculated from transaction prices observed on active markets, or from statistical or other quantitative methods.

In both cases, BNP Paribas SA makes conservative value adjustments to account for modelling, counterparty, and liquidity risks.

Some complex derivatives, which are typically custom-made from combined instruments and highly illiquid, are valued using models where certain parameters are not observable on an active market.

Until 31 December 2004, the Bank recognised gains from trading these complex derivatives immediately in income. However, on 1 January 2005, the Bank began recognising these gains in income over the period during which the valuation parameters are expected to be unobservable. If, during this period, the parameters do become observable or a justifiable valuation can be obtained by comparison with recent, similar transactions on an active market, recognises the remaining unrecognised gains directly in income.

Other derivatives transactions

Gains and losses on over-the-counter contracts representing isolated open positions are recognised in income when the contracts are settled or on a prorata basis, depending on the nature of the instruments. A provision for unrealised losses is recognised for each group of homogeneous contracts.

CORPORATE INCOME TAX

A charge for corporate income tax is taken in the period in which the related taxable income and expenses are booked, regardless of the period in which the tax is actually paid. BNP Paribas SA recognises deferred taxes for all temporary differences between the book value of assets and liabilities and their tax basis according to the liability method. Recognition of deferred tax assets depends on the probability of recovery.

EMPLOYEE PROFIT-SHARING

As required by French law, BNP Paribas SA provides for employee profit-sharing in the year in which the profit arises, and reports the provision under "Salaries and employee benefit expenses" in the profit and loss account.

EMPLOYEE BENEFITS

BNP Paribas SA employees receive the following four types of benefits:

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

Termination benefits

Termination benefits are employee benefits payable as a result of a decision by BNP Paribas SA to terminate a contract of employment before the legal retirement age or a decision by an employee to accept voluntary redundancy in exchange for a benefit. Termination benefits falling due more than 12 months after the closing date are discounted.

Short-term benefits

BNP Paribas SA recognises an expense when it has used services rendered by employees in exchange for employee benefits.

Long-term benefits

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

The actuarial techniques used are similar to those used for defined-benefit post-employment benefits, except that actuarial gains and losses are recognised immediately and no corridor is applied. The effect of any plan amendments regarded as relating to past service is also recognised immediately.

Post-employment benefits

The post-employment benefits provided to BNP Paribas SA employees in France include both defined-contribution plans and defined-benefit plans.

Defined-contribution plans, such as *Caisse Nationale d'Assurance Vieillesse* and supplemental national and trade union schemes that pay pensions to former BNP Paribas SA employees in France, do not give rise to an obligation for BNP Paribas SA and consequently do not require a provision. The amount of employer's contributions payable during the period is recognised as an expense.

Only defined-benefit plans, such as the retirement packages paid for by BNP Paribas SA's retirement fund, give rise to an obligation for BNP Paribas SA. This obligation must be measured and recognised as a liability by means of a provision.

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

Post-employment benefit obligations under defined-benefit plans are measured using actuarial techniques that take account of demographic and financial assumptions. The amount of the obligation recognised as a liability is measured on the basis of the actuarial assumptions applied by BNP Paribas SA, using the projected unit credit method. This method takes account of various parameters such as demographic assumptions, the probability that employees will leave before retirement age, salary inflation, a discount rate, and the general inflation rate. The value of any plan assets is deducted from the amount of the obligation.

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

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

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

RECOGNITION OF REVENUE AND EXPENSES

Interest and fees and commissions qualified as interest are recognised on an accruals basis, and include the commissions charged by the Bank as part of an overall loan package (i.e., application fees, commitment fees, participation fees, etc.).

Fees and commissions not qualified as interest that relate to the provision of services are recognised when the service is performed or, for ongoing services, on a prorated basis over the length of the service agreement.

FOREIGN CURRENCY TRANSACTIONS

Foreign exchange positions are generally valued at the official year-end exchange rate. Exchange gains and losses on transactions in foreign currency carried out in the normal course of business are recorded in the profit and loss account.

Exchange differences arising from the conversion of assets held on a long-term basis, including equity securities held for long-term

investment, the capital made available to branches, and other foreign equity investments, denominated in foreign currencies and financed in euros, are recognised as translation adjustments for the balance sheet line items recording the assets.

Exchange differences arising from the conversion of assets held on a long-term basis, including equity securities held for long-term investment, the capital made available to branches, and other foreign equity investments, denominated and financed in foreign currencies, are recognised symmetrically as translation differences for the corresponding financing.

FOREIGN CURRENCY TRANSLATION

Monetary and non-monetary foreign currency-denominated assets and liabilities of foreign branches have been translated into euros at the year-end exchange rate. Translation adjustments regarding the capital made available to BNP Paribas SA branches outside of France are included in "Accrued income" and "Accrued expenses."

Note 2 NOTES TO THE PROFIT AND LOSS ACCOUNT FOR 2008

2.a NET INTEREST INCOME

BNP Paribas SA includes in "Interest income" and "Interest expense" all income and expense from financial instruments measured at amortised cost and from financial instruments measured at fair value that do not meet the definition of a derivative instrument. The change in fair value on financial instruments at fair value through profit or loss (excluding

accrued interest) is recognised in "Gains (losses) on trading account securities."

Interest income and expense on derivatives accounted for as fair value hedges are included with the revenues generated by the hedged item.

In millions of euros	2008		2007	
	Income	Expenses	Income	Expenses
Credit institutions	17,756	(20,115)	16,249	(18,305)
Demand accounts, loans, and borrowings	10,052	(11,301)	8,616	(9,641)
Securities under repurchase agreements	7,518	(8,814)	7,481	(8,664)
Subordinated loans	186		152	
Customer items	16,743	(8,686)	16,217	(8,858)
Demand accounts, loans, and term accounts	14,966	(6,822)	14,493	(7,059)
Securities given and received under repurchase agreements	1,734	(1,864)	1,682	(1,799)
Subordinated loans	43		42	
Finance leases	22	(19)	20	(18)
Debt securities	1,077	(8,983)	592	(8,814)
Bonds and other fixed-income securities	6,299		4,717	
Trading account securities	2,557		2,447	
Securities available for sale	3,217		1,791	
Debt securities held to maturity	255		267	
Industrial development securities related to France's Sustainable Development Savings Accounts	270		212	
Macro-hedging instruments	(258)		641	
TOTAL INTEREST INCOME AND EXPENSES	41,639	(37,803)	38,436	(35,995)

2.b INCOME ON EQUITIES AND OTHER VARIABLE INCOME INSTRUMENTS

<i>In millions of euros</i>	2008	2007
Securities available for sale	21	16
Investments in subsidiaries and equity securities held for long-term investment	422	317
Affiliates	2,665	1,437
TOTAL INCOME ON EQUITIES AND OTHER VARIABLE INCOME INSTRUMENTS	3,108	1,770

2.c COMMISSIONS

<i>In millions of euros</i>	2008		2007	
	Income	Expenses	Income	Expenses
Commissions on banking and financing transactions	2,287	(1,471)	2,024	(863)
Customer items	1,570	(88)	1,515	(75)
Other	717	(1,383)	509	(788)
Commissions on financial services	2,337	(199)	2,382	(189)
TOTAL COMMISSION INCOME AND EXPENSES	4,624	(1,670)	4,406	(1,052)

2.d COST OF RISK AND PROVISION FOR CREDIT RISKS

Cost of risk represents the net amount of impairment losses recognised in respect of credit risks inherent to BNP Paribas SA's banking intermediation activities, plus any impairment losses in the case of known counterparty risks on over-the-counter instruments.

<i>In millions of euros</i>	2008	2007
Net additions and reversals to provisions	(2,000)	(405)
Customer items and credit institutions	(913)	(272)
Off-balance sheet commitments	117	(93)
Securities	(19)	(8)
Doubtful loans	138	12
Financial instruments for market activities	(1,323)	(44)
Irrecoverable loans not covered by provisions	(72)	(65)
Recoveries of loans written-off	49	17
COST OF RISK	(2,023)	(453)

<i>In millions of euros</i>	2008	2007
Balance at 1st January	5,027	5,148
Net additions and reversals to provisions	2,000	405
Write-offs during the period covered by provisions	(287)	(440)
Effect of movements in exchange rates and other	(307)	(86)
TOTAL PROVISION FOR CREDIT RISKS	6,433	5,027

The following table gives a breakdown of the provision for credit and risk:

<i>In millions of euros</i>	2008	2007
Provisions deducted from assets	5,838	4,164
For amounts due from credit institutions	171	162
For amounts due from customers	4,310	3,841
For securities	106	121
For financial instruments for market activities	1,251	44
Provisions recognised as liabilities (Note 3.j)	595	863
For off-balance sheet commitments	517	638
For doubtful loans	78	225
TOTAL PROVISION FOR CREDIT RISKS	6,433	5,027

2.e NET GAIN (LOSS) ON DISPOSALS OF LONG-TERM INVESTMENTS

<i>In millions of euros</i>	2008		2007	
	Income	Expenses	Income	Expenses
Investments in subsidiaries and equity securities held for long-term investment	421	(600)	269	(34)
Divestments	358	(109)	236	(20)
Provisions	63	(491)	33	(14)
Affiliates	205	(246)	3,114	(902)
Divestments	44	(104)	2,919 ^(a)	(846)
Provisions	161	(142)	195	(56)
Operating assets	19	(10)	146	(36)
NET GAIN (LOSS) ON DISPOSALS OF LONG-TERM INVESTMENTS		(211)		2,557

^(a) Includes EUR 1,558 million and EUR 565 million from the universal transfers of assets and liabilities for SFA and BNP Paribas Assurance, respectively.

2.f CORPORATE INCOME TAX

<i>In millions of euros</i>	2008	2007
Current tax expense	455	224
Deferred tax expense	746	61
TOTAL CORPORATE INCOME TAX EXPENSE	1,201	285

Note 3 NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2008

3.a AMOUNTS DUE FROM AND DUE TO CREDIT INSTITUTIONS

<i>In millions of euros</i>	2008	2007
Loans and receivables	207,570	178,389
Demand accounts	13,652	12,199
Term accounts and loans	188,655	162,271
Subordinated loans	5,263	3,919
Securities received under repurchase agreements	192,462	208,926
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	400,032	387,315
<i>Of which accrued interest</i>	2,447	2,462

<i>In millions of euros</i>	2008	2007
Deposits and borrowings	247,653	212,817
Demand deposits	9,651	16,815
Term accounts and borrowings	238,002	196,002
Securities given under repurchase agreements	244,457	246,624
DUE TO CREDIT INSTITUTIONS	492,110	459,441
<i>Of which accrued interest</i>	2,374	2,992

3.b CUSTOMER ITEMS

<i>In millions of euros</i>	2008	2007
Loans and receivables	325,499	306,799
Commercial and industrial loans	1,592	1,595
Demand accounts	11,935	11,753
Short-term loans	60,939	56,959
Mortgages	57,521	53,423
Equipment loans	48,923	38,914
Export loans	15,006	13,371
Other customer loans	127,717	129,018
Subordinated loans	1,866	1,766
Securities received under repurchase agreements	46,347	43,929
CUSTOMER ITEMS - ASSETS	371,846	350,728
<i>Of which accrued interest</i>	1,207	1,863
<i>Of which loans eligible for refinancing by Banque de France</i>	9,157	8,866
<i>Of which doubtful loans before provisions</i>	1,906	2,237
<i>Of which irrecoverable loans before provisions</i>	3,752	1,985
<i>Of which restructured loans</i>	41	145

The following table gives the loans and receivables due from customers by counterparty.

<i>In millions of euros</i>	2008			2007		
	Sound loans	Doubtful loans net of provisions	Total	Sound loans	Doubtful loans net of provisions	Total
Financial institutions	27,208	206	27,414	29,024	173	29,197
Companies	225,553	1,308	226,861	212,117	675	212,792
Entrepreneurs	12,494	235	12,729	9,468	138	9,606
Individuals	53,546	521	54,067	50,105	623	50,728
Other non-financial customers	4,415	13	4,428	4,460	16	4,476
TOTAL	323,216	2,283	325,499	305,174	1,625	306,799

<i>In millions of euros</i>	2008	2007
Deposits	254,334	217,345
Demand deposits	61,932	61,495
Term deposits	154,430	119,859
Regulated savings accounts	37,972	35,991
<i>Of which demand regulated savings accounts</i>	25,695	21,967
Securities given under repurchase agreements	52,255	38,408
CUSTOMER ITEMS - LIABILITIES	306,589	255,753
<i>Of which accrued interest</i>	1,461	1,494

3.c SECURITIES HELD BY BNP PARIBAS SA

In millions of euros	2008		2007	
	Net carrying amount	Market value	Net carrying amount	Market value
Trading account securities	92,667	92,667	79,058	79,058
Securities available for sale	48,829	49,167	36,714	36,904
<i>Of which provisions</i>	(618)		(283)	
Debt securities held to maturity	3,195	3,304	3,803	3,828
TOTAL TREASURY BILLS AND MONEY-MARKET INSTRUMENTS	144,691	145,138	119,575	119,790
<i>Of which receivables corresponding to loaned securities</i>	13,395		17,221	
<i>Of which goodwill</i>	399		310	
Trading account securities	77,135	77,135	77,303	77,303
Securities available for sale	20,501	20,553	12,354	12,519
<i>Of which provisions</i>	(819)		(427)	
Debt securities held to maturity	4,967	4,981	922	882
TOTAL BONDS AND OTHER FIXED-INCOME SECURITIES	102,603	102,669	90,579	90,704
<i>Of which unlisted securities</i>	13,672	13,722	5,208	5,221
<i>Of which accrued interest</i>	1,912		2,109	
<i>Of which receivables corresponding to loaned securities</i>	2,700		4,851	
<i>Of which goodwill</i>	(77)		22	
Trading account securities	13,383	13,382	15,510	15,510
Securities available for sale	3,578	3,940	3,755	3,993
<i>Of which provisions</i>	(577)		(99)	
TOTAL EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	16,961	17,322	19,265	19,503
<i>Of which unlisted securities</i>	1,498	1,763	2,989	3,160
<i>Of which receivables corresponding to loaned securities</i>	9,114		13,114	
Investments in subsidiaries	4,626	5,855	4,741	7,960
<i>Of which provisions</i>	(379)		(57)	
Equity securities held for long-term investment	868	807	938	1,255
<i>Of which provisions</i>	(165)		(15)	
TOTAL INVESTMENTS IN SUBSIDIARIES AND EQUITY SECURITIES HELD FOR LONG-TERM INVESTMENT	5,494	6,662	5,679	9,215
<i>Of which unlisted securities</i>	1,863	3,517	1,596	2,967
Affiliates	43,351	63,007	41,172	63,475
<i>Of which provisions</i>	(559)		(583)	
TOTAL AFFILIATES	43,351	63,007	41,172	63,475

BNP Paribas SA's equity investments and affiliates in credit institutions totalled EUR 1,856 million and EUR 18,824 million, respectively, at 31 December 2008, compared with EUR 1,762 million and EUR 17,732 million, respectively, at 31 December 2007.

3.d TREASURY SHARES

In millions of euros	2008		2007
	Gross value	Carrying amount	Carrying amount
Trading account securities	5	5	11
Securities available for sale	76	51	
Investments in non-consolidated undertakings	121	121	320
TOTAL TREASURY SHARES	202	177	331

As of 31 December 2008, BNP Paribas SA held 963,648 treasury shares classified as "Securities available for sale" and intended to be used for share awards to Group employees, granted or sold as part of an employee profit-sharing scheme, employee share ownership plan, or company savings plan. BNP Paribas SA also held 1,809,985 treasury shares classified as "Affiliates" and intended to be cancelled.

Under the Bank's market-making agreement consistent with the Code of Ethics recognised by the AMF, BNP Paribas SA owned 161,851 treasury shares classified as trading account securities at 31 December 2008.

The 5th resolution of the Shareholders' General Meeting of 15 May 2007 authorised BNP Paribas to buy back shares representing up to 10% of the Bank's issued capital at a maximum purchase price of EUR 105. The shares could be acquired for the following purposes: for subsequent cancellation, to fulfil the Bank's obligations relative to the issue of shares

or share equivalents, stock option plans, the award of consideration-free shares to employees, directors or corporate officers, and the allocation or sale of shares to employees in connection with the employee profit-sharing scheme, employee share ownership plans or corporate savings plans; to be held in treasury stock for subsequent remittance in exchange or payment for external growth transactions; within the scope of a liquidity agreement; or for asset and financial management purposes.

This authorisation, which was given for a period of 18 months, was cancelled and replaced by the authorisation granted under the 5th resolution of the Shareholders' General Meeting of 21 May 2008, which authorised the Board of Directors to buy back shares representing up to 10% of the Bank's issued capital for the same purposes as under the 5th resolution of the Shareholders' General Meeting of 15 May 2007, but at a maximum purchase price of EUR 100 per share. This latter authorisation was granted for a period of 18 months.

3.e LONG-TERM INVESTMENTS

In millions of euros	Gross value					Provisions					Carrying amount	
	01/01/2008	Purchases	Disposals and re-demptions	Transfers and other movements	31/12/2008	01/01/2008	Allocations	Reversals	Other movements	31/12/2008	2008	2007
Debt securities held to maturity (Note 3.c)	4,725	143	(1,056)	4,361	8,173		11		(1)	10	8,162	4,725
Investments in subsidiaries and equity securities held for long-term investment (Note 3.c)	5,751	697	(405)	(5)	6,038	72	479	(4)	(3)	544	5,494	5,679
Affiliates (Note 3.c)	41,755	3,126	(399)	(572)	43,910	583	142	(148)	(18)	559	43,351	41,172
Treasury shares (Note 3.d)	334	75	(288)		121	14		(14)			121	320
TOTAL LONG-TERM INVESTMENTS	52,565	4,041	(2,148)	3,784	58,242	669	632	(166)	(22)	1,113	57,128	51,896

The crisis that shook financial markets worldwide in the second half of 2007 continued through 2008, reaching an unprecedented scale in the fourth quarter of the year. The effects of the crisis were particularly visible in the volume and duration of interbank financing transactions, the volume and conditions of syndicated leveraged loans, and the trading of

structured instruments arising from securitisation transactions. The crisis also made liquidity scarce in numerous markets and market segments, and did away with almost all reliable market transactions or reference points for a large number of financial instruments.

These exceptional circumstances prompted the Bank to change its accounting treatment of financial instruments initially held for trading. While the Bank originally intended to sell these assets, they are now being held within investment security portfolios. Therefore EUR 4,404 million of

these securities have been reclassified into the appropriate accounting category as set forth in CRC Regulation 2008-17 dated 10 December 2008.

The following table shows the profit or loss items related to the reclassified assets, both as they were recorded in 2008 and as they would have been recorded if the reclassification had not taken place:

<i>In millions of euros</i>	2008		
	Until the reclassification date	After the reclassification date	Total
Profit or loss line items related to reclassified assets, as recorded	(280)	31	(249)
Gains (losses) on trading transactions	(280)		(280)
Interest income		41	41
Gains (losses) on fixed assets		(10)	(10)
Profit or loss line items if the assets had not been reclassified	(280)	(318)	(598)
Gains (losses) on trading book transactions	(280)	(318)	(598)

3.f DEBT SECURITIES

<i>In millions of euros</i>	2008	2007
Negotiable debt securities	152,360	138,756
Bond issues	11,290	10,192
Other debt securities	2,613	2,951
TOTAL DEBT SECURITIES	166,263	151,899
<i>Of which unamortised premiums</i>	<i>544</i>	<i>571</i>

► BOND ISSUES

The following table gives the contractual maturity schedule for bonds issued by BNP Paribas SA as of 31 December 2008:

<i>In millions of euros</i>	Outstanding at 31/12/2008	2009	2010	2011	2012	2013	2014 to 2018	After 2018
Bond issues	11,290	1,766	1,157	621	2,246	106	2,754	2,640

3.g OTHER ASSETS AND LIABILITIES

<i>In millions of euros</i>	2008	2007
Options purchased	272,387	117,375
Settlement accounts related to securities transactions	4,414	7,238
Industrial development securities related to France's Sustainable Development Savings Accounts	6,200	5,403
Deferred tax assets	1,859	981
Miscellaneous assets	22,802	20,315
TOTAL OTHER ASSETS	307,662	151,312
Options sold	266,923	116,213
Settlement accounts related to securities transactions	5,791	7,496
Liabilities related to securities transactions	97,708	110,149
Deferred tax liabilities	82	231
Miscellaneous liabilities	35,938	17,821
TOTAL OTHER LIABILITIES	406,442	251,910

3.h ACCRUED INCOME AND EXPENSES

<i>In millions of euros</i>	2008	2007
Remeasurement of currency instruments and derivatives	63,750	61,128
Accrued income	10,668	6,602
Collection accounts	4,005	1,182
Other accrued income	12,702	7,896
TOTAL ACCRUED INCOME	91,125	76,808
Remeasurement of currency instruments and derivatives	51,540	58,280
Accrued expenses	11,095	6,763
Collection accounts	3,010	58
Other accrued expenses	14,629	9,605
TOTAL ACCRUED EXPENSES	80,274	74,706

3.i OPERATING ASSETS

<i>In millions of euros</i>	2008			2007
	Gross Value	Dep., amort. and provisions	Carrying amount	Carrying amount
Software	1,308	(854)	454	348
Other intangible assets	4,957	(29)	4,928	4,839
TOTAL INTANGIBLE ASSETS	6,265	(883)	5,382	5,187
Land and buildings	1,942	(562)	1,380	1,371
Equipment, furniture, and fixtures	1,916	(1,342)	574	606
Other property, plant, and equipment	295	(1)	294	263
TOTAL TANGIBLE ASSETS	4,153	(1,905)	2,248	2,240

3.j PROVISIONS

<i>In millions of euros</i>	2007	Allocations	Reversals	Other movements	2008
Provision for employee benefit obligations	820	146	(220)	(10)	736
Provision for doubtful loans	225	9	(158)	2	78
Provision for off-balance sheet commitments	638	67	(197)	9	517
Other provisions					
For banking transactions	587	261	(358)	70	560
For non-banking transactions	687	284	(169)		802
TOTAL PROVISIONS	2,957	767	(1,102)	71	2,693

► PROVISIONS FOR REGULATED SAVINGS PRODUCTS RISKS

<i>In millions of euros</i>	2008	2007
Deposits collected under home savings accounts and plans	14,366	15,995
Of which under home savings plans	11,330	12,890
Aged more than 10 years	3,929	4,476
Aged between 4 to 10 years	5,343	6,542
Aged less than 4 years	2,058	1,872
Outstanding loans granted under home savings accounts and plans	586	552
Of which loans granted under home savings plans	161	150
Provisions for home savings plans	129	135
Of which for home savings plans	91	97
Aged more than 10 years	45	51
Aged between 4 to 10 years	33	33
Aged less than 4 years	13	13

► CHANGE IN PROVISIONS FOR REGULATED SAVING PRODUCTS

<i>In millions of euros</i>	2008	
	Provisions recognised - home savings plans	Provisions recognised - home savings accounts
Total provisions at start of period	97	38
Additions to provisions during the period	2	1
Provision reversals during the period	(8)	(1)
Total provisions at end of the period	91	38

3.k SUBORDINATED DEBT

<i>In millions of euros</i>	2008	2007
Redeemable subordinated debt	16,816	17,516
Undated subordinated debt	11,012	7,464
Undated super subordinated notes	9,943	6,338
Undated floating-rate subordinated notes	798	778
Other undated subordinated notes		77
Undated participating subordinated notes	271	271
Related debt	482	470
TOTAL SUBORDINATED DEBT	28,310	25,450

REDEEMABLE SUBORDINATED DEBT

The redeemable subordinated debt issued by the Group is in the form of medium and long-term debt securities, equivalent to ordinary subordinated debt; these issues are redeemable prior to the contractual maturity date in the event of liquidation of the issuer, and rank after the other creditors but before holders of participating loans and participating subordinated notes.

These debt issues may contain a call provision authorising the Group to redeem the securities prior to maturity by repurchasing them in the stock market, via public tender offers, or (in the case of private placements) over the counter.

Debt issued by BNP Paribas SA via placements in the international markets may be subject to early redemption of the capital and early payment of interest due at maturity at the issuer's discretion on or after a date stipulated in the issue particulars (call option), or in the event that changes in the applicable tax rules oblige the BNP Paribas Group issuer to compensate debt-holders for the consequences of such changes. Redemption may be subject to a notice period of between 15 and 60 days, and is in all cases subject to approval by the banking supervisory authorities.

The following table gives the maturity schedule for redeemable subordinated debt as of 31 December 2008:

<i>In millions of euros</i>	Outstanding at 31/12/2008	2009	2010	2011	2012	2013	2014 to 2018	After 2018
Redeemable subordinated debt	16,816	279	664	642	2,335	987	10,188	1,721

Undated subordinated debt

Undated Super Subordinated Notes

From 2005 to 2008, BNP Paribas SA carried out fifteen issues of Undated Super Subordinated Notes representing a total amount of EUR 10,543 million. The notes pay a fixed rate coupon and are redeemable at the end of a fixed period and thereafter at each coupon date.

The last of these issues, which was made in December 2008, was taken up by the Société de Prise de Participation de l'Etat, a company created to issue debt securities guaranteed by the French State. The proceeds of the issues are used to subscribe for securities issued by credit institutions to build up their regulatory capital. The notes pay a coupon plus a redemption premium of 1% from the first anniversary of the issue date, then an additional 2% a year from the second to the fifth anniversary and 11% from the sixth anniversary.

The table below sets out the characteristics of these various issues.

Issuer	Date of issue	Currency	Amount	Term	Interest rate	2008	2007
BNP Paribas SA	June 2005	USD	1,350 million	10 years	USD 3-month Libor + 1.68%	968	924
BNP Paribas SA	October 2005	EUR	1,000 million	6 years	4.875%	1,000	1,000
BNP Paribas SA	October 2005	USD	400 million	6 years	6.25%	287	274
BNP Paribas SA	April 2006	EUR	750 million	10 years	3-month Euribor + 1.69%	750	750
BNP Paribas SA	April 2006	GBP	450 million	10 years	GBP 3-month Libor + 1.13%	471	612
BNP Paribas SA	July 2006	EUR	150 million	20 years	3-month Euribor + 1.92%	150	150
BNP Paribas SA	July 2006	GBP	325 million	10 years	GBP 3-month Libor + 1.81%	340	442
BNP Paribas SA	April 2007	EUR	750 million	10 years	3-month Euribor + 1.72%	750	750
BNP Paribas SA	June 2007	USD	600 million	5 years	6.50%	430	411
BNP Paribas SA	June 2007	USD	1,100 million	30 years	USD 3-month Libor + 1.29%	788	753
BNP Paribas SA	October 2007	GBP	200 million	10 years	GBP 3-month Libor + 1.85%	209	272
BNP Paribas SA	June 2008	EUR	500 million	10 years	3-month Euribor + 3.750%	500	
BNP Paribas SA	September 2008	EUR	650 million	5 years	3-month Euribor + 4.050%	650	
BNP Paribas SA	September 2008	EUR	100 million	10 years	3-month Euribor + 3.925%	100	
BNP Paribas SA	December 2008	EUR	2,550 million	5 years	3-month Euribor + 4.550%	2,550	
TOTAL UNDATED SUPER SUBORDINATED NOTES						9,943	6,338

BNP Paribas has the option of not paying interest due on these Undated Super Subordinated Notes if no dividends were paid on BNP Paribas SA common shares or on preferred shares in the previous year. Unpaid interest is not carried forward.

The contracts relating to these Undated Super Subordinated Notes contain a loss absorption clause. Under the terms of this clause, in the event of insufficient regulatory capital – which is not fully offset by a

capital increase or any other equivalent measure – the nominal value of the notes may be reduced in order to serve as a new basis for the calculation of the related coupons until the capital deficiency is made up and the nominal value of the notes is increased to its original amount. However, in the event of the liquidation of BNP Paribas, the amount due to the holders of these notes will represent their original nominal value irrespective of whether or not their nominal value has been reduced.

Undated floating-rate subordinated notes

The undated floating-rate subordinated notes (TSDIs) and other undated subordinated notes issued by BNP Paribas are redeemable on liquidation of the Bank after repayment of all other debts but ahead of undated

participating subordinated notes. They confer no rights over residual assets. The following table summarises the TSDIs issued to date:

Issuer	Issue date	Currency	Original amount in issue currency	Interest rate	2008	2007
Paribas SA	September 1984	USD	24 million	3-month Libor + 3/8%	17	16
BNP SA	October 1985	EUR	305 million	TMO - 0.25%	305	305
Paribas SA	July 1986	USD	165 million	3-month Libor + 1/8%	118	114
BNP SA	September 1986	USD	500 million	6-month Libor + 0.75%	358	343
TOTAL UNDATED FLOATING-RATE SUBORDINATED NOTES					798	778

The TSDIs issued in US dollars contain a specific call option provision, whereby they may be redeemed at par prior to maturity at the issuer's discretion at any time after a date specified in the issue particulars, after approval of the banking supervisory authorities. They are not subject to any interest step up clause. Payment of interest is obligatory, but the Board of Directors may postpone interest payments if within the twelve months preceding the interest payment date the Ordinary General Meeting of Shareholders approves a decision not to pay a dividend.

Payment of interest is obligatory on the TSDIs issued in October 1985 (representing a nominal amount of EUR 305 million), but the Board of Directors may postpone interest payments if within the twelve months

preceding the interest payment date the Ordinary General Meeting of Shareholders notes that there is no income available for distribution.

Other undated subordinated notes

The other undated subordinated notes issued by the Group between 1997 and 1999 may be redeemed at par prior to maturity on a date specified in the issue particulars, after approval of the banking supervisory authorities, and are entitled to a step up in interest from this date if the notes have not been redeemed. Payment of interest is obligatory, but the Board of Directors may postpone interest payments if within the twelve months preceding the interest payment date the Ordinary General Meeting of Shareholders approves a decision not to pay a dividend.

Issuer	Issue date	Redemption option or interest step-up date	Currency	Original amount in issue currency	Interest rate	Interest step-up	2008	2007
BNP SA	April 1998	April 2008	EUR	77 million	3-month Libor + 0.70%	+150 bp		77
TOTAL OTHER UNDATED SUBORDINATED NOTES								77

The EUR 77 million undated subordinated note issued in April 1998 was redeemed in April 2008, prior to maturity but on the date provided in the issue particular.

Undated participating subordinated notes

Undated participating subordinated notes issued by the Bank between 1984 and 1988 for a total amount of EUR 337 million are redeemable only in the event of liquidation of the Bank, but may be retired on the terms

specified in the law of 3 January 1983. Under this option, 325,560 notes were retired in 2004 and 2006 and 108,707 notes in March 2007 and subsequently cancelled. Payment of interest is obligatory, but the Board of Directors may postpone interest payments if the Ordinary General Meeting of Shareholders held to approve the financial statements notes that there is no income available for distribution.

Note 4 FINANCING AND GUARANTEE COMMITMENTS

4.a FINANCING COMMITMENTS

<i>In millions of euros</i>	2008	2007
Credit institutions	42,320	31,432
Customers	104,866	150,745
Confirmed letters of credit	80,386	116,398
Other commitments given to customers	24,480	34,347
TOTAL FINANCING COMMITMENTS GIVEN	147,186	182,177
Credit institutions	88,696	80,251
Customers	8,087	6,808
TOTAL FINANCING COMMITMENTS RECEIVED	96,783	87,059

4.b GUARANTEE COMMITMENTS

<i>In millions of euros</i>	2008	2007
Credit institutions	26,266	75,870
Customers	97,522	106,717
TOTAL GUARANTEE COMMITMENTS GIVEN	123,788	182,587
Credit institutions	58,216	43,704
Customers	97,706	59,213
TOTAL GUARANTEE COMMITMENTS RECEIVED	155,922	102,917

The total amount of financial instruments pledged as guarantees by BNP Paribas SA to credit institutions and Banque de France was EUR 71,967 million at 31 December 2008, broken down as follows: EUR 47,044 million to Banque de France; EUR 16,397 million to BNP

Paribas Covered Bond; EUR 5,142 million to *Caisse de Refinancement de l'Habitat*; and EUR 3,384 million to *Société de Financement de l'Economie Française*.

Note 5 SALARIES AND EMPLOYEE BENEFITS

5.a SALARIES AND EMPLOYEE BENEFIT EXPENSES

<i>In millions of euros</i>	2008	2007
Salaries	(2,794)	(3,268)
Tax and social security charges	(1,293)	(1,309)
Employee profit-sharing and incentive schemes	(93)	(234)
TOTAL SALARIES AND EMPLOYEE BENEFIT EXPENSES	(4,180)	(4,811)

The following table gives the breakdown of BNP Paribas SA employees:

At 31 December	2008	2007
Employees in Metropolitan France	38,128	38,545
<i>Of which managers</i>	<i>19,115</i>	<i>18,387</i>
Employees outside Metropolitan France	9,315	8,921
TOTAL BNP PARIBAS SA EMPLOYEES	47,443	47,466

5.b EMPLOYEE BENEFIT OBLIGATIONS

Post-employment benefits under defined-contribution plans

In France, the BNP Paribas Group pays contributions to various nationwide basic and top-up pension schemes. BNP Paribas SA and certain subsidiaries have set up a funded pension plan under a company-wide agreement. Under this plan, employees will receive an annuity on retirement in addition to the pension paid by nationwide schemes.

In the rest of the world, defined-benefit plans have been closed to new employees in most of the countries in which the Group operates (primarily the United States, Germany, Luxembourg, the United Kingdom, Ireland, Norway and Australia). These employees are now offered defined-contribution plans. Under these plans, the Group's obligation is essentially limited to paying a percentage of the employee's annual salary into the plan.

The amount paid into defined-contribution post-employment plans in France and other countries for the year to 31 December 2008 was EUR 209 million, vs. EUR 203 million for the year to 31 December 2007.

Post-employment benefits under defined-benefit plans

The legacy defined-benefit plans in France and other countries are valued independently using actuarial techniques, applying the projected unit cost method, in order to determine the expense arising from rights vested in employees and benefits payable to retired employees. The demographic and financial assumptions used to estimate the present value of these obligations and of plan assets take account of economic conditions specific to each country and Group company. Actuarial gains and losses outside the permitted 10% corridor are amortised; these gains and losses are calculated separately for each defined-benefit plan.

Provisions set up to cover obligations under defined-benefit post-employment plans at 31 December 2008 totalled EUR 527 million (EUR 511 million at 31 December 2007), comprising EUR 447 million for French plans and EUR 80 million for other plans.

Pension plans and other post-employment benefits

Pension plans

In France, BNP Paribas pays a top-up banking industry pension arising from rights acquired to 31 December 1993 by ex-employees in retirement at that date and active employees in service at that date. The residual pension obligations are covered by a provision in the consolidated financial statements or transferred to an insurance company outside the Group.

The defined-benefit plans previously granted to Group executives formerly employed by BNP Paribas or Compagnie Bancaire have all been closed and converted into top-up type schemes. The amounts allocated to the beneficiaries, subject to their still being with the Group at retirement, were fixed when the previous schemes were closed. These pension plans have been contracted out to insurance companies. The fair value of the related plan assets in these companies' balance sheets consists of 75% bonds, 17% equities, and 8% property assets.

In other countries, pension plans are based either on pensions linked to the employee's final salary and length of service (United Kingdom), or on annual vesting of rights to a capital sum expressed as a percentage of annual salary and paying interest at a pre-defined rate (United States). Some plans are managed by independent fund managers (United Kingdom). At 31 December 2008, 89% of the gross obligations under these plans concerned 5 plans in the United Kingdom and the United States. The fair value of the related plan assets was split as follows: 41% equities, 51% bonds, and 8% other financial instruments.

Other post-employment benefits

Group employees also receive various other contractual post-employment benefits such as bonuses payable on retirement. BNP Paribas' obligations for these bonuses in France are funded through a contract taken out with a third-party insurer.

Post-employment healthcare plans

In France, BNP Paribas no longer has any obligations in relation to healthcare benefits for its retired employees.

Several healthcare benefit plans for retired employees exist in other countries, mainly in the United States. Provisions for obligations under these plans at 31 December 2008 amounted to EUR 6 million, compared with EUR 5 million at 31 December 2007.

Obligations under post-employment healthcare benefit plans are measured using the mortality tables applicable in each country. They also build in assumptions about healthcare benefit costs, including forecast trends in the cost of healthcare services and in inflation, which are derived from historical data.

Termination benefits

In France, BNP Paribas is encouraging voluntary redundancy among employees who meet certain eligibility criteria. The obligations to eligible active employees under such plans are provided for where the plan is the subject of an agreement or a draft bilateral agreement. Plans currently in effect in France concern BNP Paribas in metropolitan France.

BNP Paribas SA's provisions for voluntary redundancy and early retirement plans amounted to EUR 20 million at 31 December 2008, vs. EUR 62 million at 31 December 2007.

Note 6 ADDITIONAL INFORMATION

6.a CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

Share capital transactions

The following authorisations to increase or reduce the share capital have been granted to the Board of Directors under resolutions voted in General Shareholders' Meetings and were valid during 2008:

Shareholders' General Meeting at which authorisation was granted to the Board of Directors	Use of authorisation in 2008
Shareholders' General Meeting of 23 May 2006 (22nd resolution) Authorisation to increase the share capital by issuing shares reserved for members of the BNP Paribas Group's Corporate Savings Plan. <i>Authorisation to increase the share capital on one or more occasions up to a maximum amount of EUR 36 million, without pre-emptive rights.</i> <i>This authorisation was granted for a period of 26 months.</i>	5,360,439 new shares issued with a par value of EUR 2, duly placed on record on 31 July 2008
Shareholders' General Meeting of 15 May 2007 (10th resolution) Pursuant to the law of 30 December 2006 on the development of employee share ownership, revision of the twenty second resolution passed at the Shareholders' General Meeting of 23 May 2006 authorising the Board of Directors to increase the share capital by issuing shares reserved for members of the BNP Paribas Corporate Savings Plan. <i>The transactions authorised by this resolution may also take the form of sales of shares to members of the BNP Paribas Group's Corporate Savings Plan.</i>	
Shareholders' General Meeting of 21 May 2008 (20th resolution) Authorisation to carry out transactions reserved for members of the BNP Paribas Group's Corporate Savings Plan in the form of new share issues and/or sales of reserved shares. <i>Authorisation to increase the share capital within the limit of a maximum par value of EUR 36 million on one or more occasions by issuing shares without pre-emptive rights reserved for members of the BNP Paribas Group's Corporate Savings Plan.</i> <i>The transactions authorised by this resolution may also take the form of sales of shares to members of the BNP Paribas Group's Corporate Savings Plan.</i> <i>This authorisation was granted for a period of 26 months.</i>	This authorisation was not used during the year
Shareholders' General Meeting of 18 May 2005 (14th resolution) Authorisation to grant stock subscription or purchase options to corporate officers and certain employees. <i>The number of shares granted may not exceed 1.5% of the share capital, i.e. less than 0.5% a year.</i> <i>This authorisation was granted for a period of 38 months.</i>	3,985,590 stock subscription options granted at the Board meeting of 19 March 2008
Shareholders' General Meeting of 18 May 2005 (15th resolution) Authorisation to award shares for no consideration to employees and corporate officers of BNP Paribas and related companies. <i>The shares awarded may be existing shares or new shares to be issued and may not exceed 1.5% of the share capital, i.e. less than 0.5% a year.</i> <i>This authorisation was granted for a period of 38 months.</i>	820,890 shares awarded at the Board meeting of 19 March 2008
Shareholders' General Meeting of 15 May 2007 (9th resolution) Pursuant to the law of 30 December 2006 on the development of employee share ownership, revision of the fifteenth resolution passed at the Shareholders' General Meeting of 18 May 2005 authorising the Board of Directors to award shares for no consideration to employees and corporate officers of BNP Paribas and related companies. <i>This revision introduces an early end to the vesting and compulsory holding periods in the event of the beneficiary's incapacity, subject to meeting the various legal conditions.</i>	
Shareholders' General Meeting of 21 May 2008 (21st resolution) Authorisation to award shares for no consideration to employees and corporate officers of BNP Paribas and related companies. <i>The shares awarded may be existing shares or new shares to be issued and may not exceed 1.5% of the share capital, i.e. less than 0.5% a year.</i> <i>This authorisation was granted for a period of 38 months.</i>	This authorisation was not used during the year

Shareholders' General Meeting at which authorisation was granted to the Board of Directors		Use of authorisation in 2008
Shareholders' General Meeting of 21 May 2008 (22nd resolution)	<p>Authorisation to grant stock subscription or purchase options to corporate officers and certain employees.</p> <p><i>The number of options granted may not exceed 3% of the share capital, i.e. less than 1% a year. This limit is global, common to 21st and 22nd resolutions. This authorisation was granted for a period of 38 months.</i></p>	This authorisation was not used during the year
Shareholders' General Meeting of 21 May 2008 (13th resolution)	<p>Authorisation to issue common shares and share equivalents with pre-emptive rights.</p> <p><i>The par value of the capital increases that may be carried out immediately and/or in the future by virtue of this authorisation may not exceed EUR 1 billion (representing 500 million shares).</i></p> <p><i>The par value of any debt instruments giving access to the capital of BNP Paribas that may be issued by virtue of this authorisation may not exceed EUR 10 billion.</i></p> <p><i>This authorisation was granted for a period of 26 months.</i></p>	This authorisation was not used during the year
Shareholders' General Meeting of 21 May 2008 (14th resolution)	<p>Authorisation to issue common shares and share equivalents without pre-emptive rights but with a priority period.</p> <p><i>The par value of the capital increases that may be carried out immediately and/or in the future by virtue of this authorisation may not exceed EUR 350 million (representing 175 million shares).</i></p> <p><i>The par value of any debt instruments giving access to the capital of BNP Paribas that may be issued by virtue of this authorisation may not exceed EUR 7 billion.</i></p> <p><i>This authorisation was granted for a period of 26 months.</i></p>	This authorisation was not used during the year
Shareholders' General Meeting of 21 May 2008 (15th resolution)	<p>Authorisation to issue, without pre-emptive rights, common shares and share equivalents in consideration for securities tendered to public exchange offers.</p> <p><i>The par value of the capital increases that may be carried out on one or more occasions by virtue of this authorisation may not exceed EUR 250 million (representing 125 million shares).</i></p> <p><i>This authorisation was granted for a period of 26 months.</i></p>	This authorisation was not used during the year
Shareholders' General Meeting of 21 May 2008 (16th resolution)	<p>Authorisation to issue, without pre-emptive rights, common shares and share equivalents in consideration for securities tendered to contributions of unlisted shares (up to a maximum of 10% of the capital).</p> <p><i>The par value of the capital increases that may be carried out on one or more occasions by virtue of this authorisation may not exceed 10% of the number of shares comprising the share capital of BNP Paribas.</i></p> <p><i>This authorisation was granted for a period of 26 months.</i></p>	This authorisation was not used during the year
Shareholders' General Meeting of 21 May 2008 (17th resolution)	<p>Blanket limit on issues without pre-emptive rights.</p> <p><i>The maximum par value of all issues without pre-emptive rights made by virtue of the authorisations granted under the fourteenth, fifteenth and sixteenth resolutions above may not exceed EUR 350 million for shares and EUR 7 billion for debt instruments.</i></p>	
Shareholders' General Meeting of 21 May 2008 (18th resolution)	<p>Authorisation to increase the share capital by capitalising retained earnings, profits or additional paid-in capital.</p> <p><i>Authorisation to increase the share capital within the limit of a maximum par value of EUR 1 billion on one or more occasions, by capitalising all or part of the retained earnings, profits or additional paid-in capital, successively or simultaneously, through the creation and award of free shares, through an increase in the par value of existing shares, or through a combination of these two methods.</i></p> <p><i>This authorisation was granted for a period of 26 months.</i></p>	This authorisation was not used during the year

Shareholders' General Meeting at which authorisation was granted to the Board of Directors		Use of authorisation in 2008
Shareholders' General Meeting of 21 May 2008 (19th resolution)	Blanket limit on all issues, with or without pre-emptive rights. <i>This resolution limits the overall amount of issues with or without pre-emptive rights that may be carried out by virtue of the authorisations granted under the thirteenth, fourteenth, fifteenth and sixteenth resolutions above. Accordingly, the maximum par value of issues that may be carried out immediately and/or in the future, is set at EUR 1 billion for shares and EUR 10 billion for debt instruments.</i>	
Shareholders' General Meeting of 21 May 2008 (23rd resolution)	Authorisation to reduce the share capital by cancelling shares. <i>Authorisation to cancel, on one or more occasions, some or all of the BNP Paribas shares that the Bank may hold by virtue of said authorisation, provided that the total number of shares cancelled in any 24-month period does not exceed 10% of the total number of shares outstanding. Power to complete the capital reduction and deduct the difference between the purchase cost of the cancelled shares and their par value from additional paid-in capital and reserves available for distribution, with an amount corresponding to 10% of the capital reduction being deducted from the legal reserve. This authorisation was granted for a period of 18 months.</i>	This authorisation was not used during the year

Operations affecting Share capital	Number of shares	Per value in euros	Date of autorisation by Shareholders' Meeting	Date of decision by Board of Directors
NUMBER OF SHARES OUTSTANDING AT 31 DECEMBER 2006	930,467,477	2		
Increase in share capital on 22 January 2007 by exercise of stock subscription options	2,411,013	2	(1)	(1)
Increase in share capital on 20 July 2007 by exercise of stock subscription options	3,820,865	2	(1)	(1)
Increase in share capital on 1 October 2007 resulting from the merger with BNL	439,358	2	15 May 2007	31 July 2007
Reduction in share capital on 4 October 2007 by cancellation of treasury shares	(32,111,135)	2	15 May 2007	31 July 2007
Increase in share capital on 5 October 2007 by exercise of stock subscription options	232,730	2	(1)	(1)
NUMBER OF SHARES OUTSTANDING AT 31 DECEMBER 2007	905,260,308	2		
Increase in share capital by exercise of stock subscription options	1,115,091	2	(1)	(1)
Increase in share capital by exercise of stock subscription options	360,269	2	(1)	(1)
Capital increase reserved for members of the company Savings Plan	5,360,439	2	23 May 2006	13 May 2008
NUMBER OF SHARES OUTSTANDING AT 31 DECEMBER 2008	912,096,107	2		

⁽¹⁾ Various resolutions voted in Shareholders' General Meetings and decisions of the Board of Directors authorising the granting of stock subscription options that were exercised during the period.

6.b STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 31 DECEMBER 2006 TO 31 DECEMBER 2008

<i>In millions of euros</i>	Share capital	Additional paid-in capital	Retained earnings and net income for the period	Total shareholders' equity
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2006	1,861	10,238	24,321	36,420
Dividend payout for 2006			(2,801)	(2,801)
Capital increases	14	287		301
Capital reductions (by cancellation of shares)	(64)	(2,364)		(2,428)
Other movements		316	116	432
Net income for 2007			4,532	4,532
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2007	1,811	8,477	26,168	36,456
Dividend payout for 2007			(3,016)	(3,016)
Capital increases	13	342		355
Other movements			(9)	(9)
Net income for 2008			715	715
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2008	1,824	8,819	23,858	34,501

6.c NOTIONAL AMOUNTS OF FORWARD FINANCIAL INSTRUMENTS

The notional amounts of derivative instruments are merely an indication of the volume of BNP Paribas SA's activities in financial instruments markets, and do not reflect the market risks associated with such instruments.

Trading portfolio

<i>In millions of euros</i>	2008	2007
Currency derivatives	1,713,225	1,484,336
Interest rate derivatives	30,529,952	23,603,746
Equity derivatives	2,561,772	2,217,312
Credit derivatives	1,788,210	2,180,605
Other derivatives	231,151	233,105
TOTAL FORWARD FINANCIAL INSTRUMENTS IN THE TRADING PORTFOLIO	36,824,310	29,719,104

Financial instruments traded on organised markets represented 34% of the Bank's derivatives transactions at 31 December 2008 (vs. 38% at 31 December 2007).

Hedging strategy

The total notional amount of derivatives used for hedging purposes stood at EUR 396,202 million at 31 December 2008, compared with EUR 328,737 million at 31 December 2007.

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

The market value of the Bank's net position on firm transactions was approximately EUR 2,300 million at 31 December 2008, compared with EUR 500 million at 31 December 2007. The market value of the Bank's net long position on options was approximately EUR 4,150 million at 31 December 2008, compared with EUR 1,350 million at 31 December 2007.

6.d SEGMENT INFORMATION

The following table gives a regional breakdown of BNP Paribas SA's interbank transactions and customer items:

In millions of euros	Interbank transactions		Customer items		Total by region	
	2008	2007	2008	2007	2008	2007
France	401,891	383,791	216,795	213,113	618,686	596,904
Other countries in the European Economic Area	116,868	98,928	83,659	73,097	200,527	172,025
Countries in the Americas and Asia	49,704	29,547	65,141	60,547	114,845	90,094
Other countries	2,498	3,240	6,303	4,021	8,801	7,261
TOTAL USES OF FUNDS	570,961	515,506	371,898	350,778	942,859	866,284
France	362,861	306,055	159,683	136,247	522,544	442,302
Other countries in the European Economic Area	71,095	97,485	92,909	76,486	164,004	173,971
Countries in the Americas and Asia	55,066	52,329	50,792	38,419	105,858	90,748
Other countries	3,768	3,857	3,205	4,601	6,973	8,458
TOTAL SOURCES OF FUNDS	492,790	459,726	306,589	255,753	799,379	715,479

76% of BNP Paribas SA's net banking income in 2008 came from counterparties in the European Economic Area, compared with 84% in 2007.

6.e SCHEDULE OF SOURCES AND USES OF FUNDS

In millions of euros	Term remaining						
	Demand and overnight transactions	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Provisions	Total
Uses of funds							
Treasury bills and money-market instruments		23,079	24,981	34,757	62,492	(618)	144,691
Due from credit institutions	51,535	249,266	32,299	53,094	14,154	(316)	400,032
Customer items	27,668	145,921	34,297	102,182	66,167	(4,389)	371,846
Bonds and other fixed-income securities		33,602	10,589	21,984	37,257	(829)	102,603
Sources of funds							
Due to credit institutions	54,697	350,135	54,793	27,730	4,755		492,110
Customer items	113,980	151,078	24,753	16,766	12		306,589
Debt securities other than bonds and other debt securities (note 3.f)		86,990	23,757	27,364	14,249		152,360

6.f EFFECTS OF THE FINANCIAL CRISIS

Background

The US housing market slowdown that started in the second half of 2007 extended into 2008, making investors wary of structured financial instruments derived from securitization transactions. This in turn affected the market prices of these instruments and the parameters used to value them, and these factors continue to deteriorate.

The prolonged US housing market collapse also highlighted the fragile financial health of monoline insurers, or the companies that had guaranteed securitized mortgage assets – especially in the case of subprime mortgages. Rating agencies cut the credit ratings of some monolines, increasing the risk premium on the securities issued by

these insurers and consequently impairing their value. Two monoline insurers were able to negotiate commutation agreements with their counterparties for their riskiest commitments, but based on heavily discounted prices.

The financial crisis intensified dramatically on 15 September 2008 when the American bank Lehman Brothers declared bankruptcy. The US government refused to bail out Lehman Brothers – even though public backing had already been given to many financial institutions weakened by the crisis – without considering the systemic risk that would arise from the failure of a bank Lehman's size, nor the web of ties that Lehman had with other players across the financial sector. These other market participants suffered direct losses from their exposure to Lehman risk, which weighed significantly on their second half 2008 earnings.

The US government's decision had considerable ramifications. Financial institutions lost faith in each other, making it more difficult for them to access liquidity. Central banks had to step in for the interbank market and expanded their balance sheets by relaxing the criteria on financial or banking assets they accepted as collateral. These measures helped ease interbank lending rates, after interbank spreads had peaked at 400 basis points for the dollar and 150 basis points for the euro. Spreads on medium-term debt also widened sharply, but to markedly different degrees depending on the market's assessment of the issuer's ability to weather the financial crisis on solid footing.

Banks were forced to recognise sizable write-downs, thus weakening their balance sheets and resulting in a need for fresh equity – at a time when investors had become averse to banking risk. Therefore the governments of the main countries affected by the crisis adopted exceptional measures involving huge sums of money, which were deployed to recapitalise troubled financial institutions and provide guarantees. Entire swathes of the financial sector fell under state control. Companies with less exposure to the crisis still had to shore-up their equity to some extent, in order to meet prudential requirements amid the unprecedented uncertainty.

The crisis soon spread beyond the financial sector and into the broader economy. Business activity began slowing in developed countries the first half of the year, and the slowdown propagated to all corners of the globe with alarming speed. Every major developed region plunged

into a recession. As companies' financial health deteriorated, more and more of them were unable to meet their payment obligations or found themselves facing bankruptcy. Banks' cost of risk escalated in the fourth quarter of 2008 – particularly noteworthy since their cost of risk had been exceptionally low in the years preceding the crisis.

The Lehman Brothers bankruptcy announcement sent the already bearish equity markets reeling. Stock market indices tumbled an average of 20% in the fourth quarter of 2008, after falling by around 30% in the first three quarters. Banks, along with all market participants, were compelled to recognise hefty write-downs on their equity holdings.

However, beyond the impact to the equity markets, the Lehman Brothers collapse triggered an unparalleled dislocation across all financial markets that was reflected in extreme shocks due to high volatility and an unprecedented level of correlation. These factors dragged on the performance of financial market players, most notably hedge funds which suffered large losses. Hedge fund managers had no choice but to slash their funds' investments in order to restore debt-to-equity ratios, and this large-scale unwinding of positions drove the markets even lower. Hedge fund managers also had to cope with substantial redemption requests from investors. The ensuing pressure on hedge funds revealed instances of fraud such as the Madoff scandal, a corrupt scheme of unparalleled scale.

Review of the main positions exposed to the direct effects of the crisis

The Group's risk surveillance and financial control teams continue to closely monitor positions that may be affected by the crisis, paying close attention to the methods and parameters used to value these positions.

Exposure to monoline risk

Exposure to US monoline insurer counterparty risk, by type of underlying asset

Gross exposure to counterparty risk ⁽³⁾ in millions of euros	2008	2007
CDOs ⁽¹⁾ of US RMBSs ⁽²⁾ subprime	1,737	1,336
CDOs ⁽¹⁾ of European RMBSs ⁽²⁾	21	13
CDOs ⁽¹⁾ of CMBSs ⁽²⁾	237	122
CDOs ⁽¹⁾ of corporate bonds ⁽²⁾	1,182	227
CLOs ⁽¹⁾	266	166
Non credit related		19
TOTAL GROSS COUNTERPARTY RISK EXPOSURE	3,443	1,883

⁽¹⁾ CDO = Collateralized Debt Obligation; CLO = Collateralized Loan Obligation.

⁽²⁾ RMBS = Residential Mortgage Backed Security;
CMBS = Commercial Mortgage Backed Security.

⁽³⁾ Gross counterparty risk is defined as the fair value of the corresponding financial instruments (the data at 31 December 2008 include the restructuring of the exposure on one counterparty).

Fair value adjustments to protection instruments issued by US monoline insurers and held by BNP Paribas SA

In millions of euros	2008	2007
GROSS COUNTERPARTY RISK EXPOSURE	3,443	1,883
Hedging instruments	(727)	(757)
UNHEDGED RESIDUAL EXPOSURE	2,716	1,126
Fair value adjustments related to counterparty risk	(1,827)	(420)
NET COUNTERPARTY RISK EXPOSURE	889	706

Exposure on leveraged buyouts in progress

The Bank reduced its gross exposure from approximately EUR 2,500 million at 31 December 2007 to EUR 1,800 million at 30 September 2008. Around

EUR 100 million of negative fair value adjustments were recognised for the first nine months of 2008 (i.e., up to the reclassification date), compared with EUR 237 million for 2007.

Direct effect of the crisis on profit for the year

<i>In millions of euros</i>	2008	2007
EFFECT ON REVENUES		
Fair value adjustments		
Loan syndications in progress	(100)	(237)
Securitisations and other investments	(260)	(88)
Impairment on equity portfolio	(347)	
Credit adjustments to reflect counterparty risk on over-the-counter derivatives		
Monoline insurers	(914)	(468)
Other counterparties	(674)	(57)
TOTAL EFFECT ON REVENUES	(2,295)	(850)
EFFECT ON COST OF RISK		
Loans to customers	(38)	(22)
Market counterparties	(1,506)	(44)
<i>Of which monolines classified as doubtful</i>	<i>(974)</i>	<i>(44)</i>
<i>Of which Lehman Brothers</i>	<i>(403)</i>	
<i>Of which Icelandic banks</i>	<i>(5)</i>	
Madoff risk	(217)	
TOTAL EFFECT ON COST OF RISK	(1,761)	(66)
EFFECT ON NET GAIN (LOSS) ON DISPOSALS OF LONG-TERM INVESTMENTS		
Impairment on equity portfolio	(126)	
TOTAL EFFECT ON NET GAIN (LOSS) ON DISPOSALS OF FIXED ASSETS	(126)	

6.2 Appropriation of income and dividend distribution for the year ended 31 December 2008

The Board of Directors will propose the following breakdown of income and dividend distribution at the Annual General Meeting on 13 May 2009:

<i>In millions of euros</i>	
Net income	715
Unappropriated retained earnings	13,936
TOTAL INCOME TO BE APPROPRIATED	14,651
Special investment reserve	12
Dividends	912
Retained earnings	13,727
TOTAL APPROPRIATED INCOME	14,651

The total dividend to be paid to BNP Paribas shareholders is EUR 912 million, which corresponds to EUR 1.00 per share (with a par value of EUR 2.00) based on the number of shares in issue at 23 January 2008.

6.3 BNP Paribas SA five-year financial summary

	2004	2005	2006	2007	2008
Share capital at year-end					
■ Share capital (in euros)	1,769,400,888	1,676,495,744	1,860,934,954	1,810,520,616	1,824,192,214
■ Number of common shares in issue	884,700,444	838,247,872	930,467,477	905,260,308	912,096,107
■ Number of convertible bonds in issue	None	None	None	None	None
Results of operations for the year (in millions of euros)					
■ Total revenues, excluding VAT	25,095	29,994	37,957	47,028	48,643
■ Earnings before taxes, depreciation, amortisation, and provisions	3,938	3,556	5,024	5,257	3,400
■ Income tax expense	(715)	299	(45)	285	1,201
■ Earnings after taxes, depreciation, amortisation, and provisions	3,282	3,423	5,375	4,532	715
■ Total dividend payout	1,770	2,183	2,892	3,034	912
Earnings per share					
■ Earnings after taxes but before depreciation, amortisation, and provisions	3.67	4.62	5.36	6.12	5.04
■ Earnings after taxes, depreciation, amortisation, and provisions	3.71	4.08	5.76	5.00	0.78
■ Dividend per share	2.00	2.60	3.10	3.35	1.00
Employee data					
■ Number of employees at year-end	44,534	45,356	46,152	47,466	47,443
■ Total payroll expense (in millions of euros)	2,729	3,074	3,376	3,554	3,112
■ Total social security and employee benefit charges (in millions of euros)	992	1,222	1,474	1,106	1,053

6.4 Subsidiaries and associated companies

Name	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	Percent interest held by BNP Paribas SA
					In millions of the currency unit

I - Detailed information about subsidiaries and associated companies whose book value exceeds 1% of BNP Paribas SA's share capital

1. Subsidiaries (more than 50%-owned)

ANTIN BAIL	EUR	18	4		100.00%
ANTIN PARTICIPATION 5	EUR	159	(31)	51	100.00%
AUSTIN FINANCE	EUR	799	213	1	92.00%
B.N.L INTERNATIONAL INVESTMENT SA	EUR	110	382	(49)	100.00%
B.N.L SPA (ex B.N.L PROGETTO SPA)	EUR	2,077	2,391	274	100.00%
BANCWEST CORP	USD	1	9,257	262	98.74%
BANQUE DE BRETAGNE	EUR	53	47	12	100.00%
BNP PARIBAS ESPANA SA	EUR	52	27	6	99.58%
BNP FACTOR	EUR	13	64	4	64.26%
BNP INTERCONTINENTALE	EUR	31	47	(9)	100.00%
BNP PAM GROUP	EUR	15	167	170	100.00%
BNP PARIBAS BRASIL	BRL	190	547	399	84.10%
BNP PARIBAS BULGARIA EAD (*)	BGN	36	12	1	100.00%
BNP PARIBAS CANADA	CAD	346	187	39	100.00%
BNP PARIBAS CHINA LIMITED	USD	521	44	93	100.00%
BNP PARIBAS COVERED BONDS	EUR	175	1	12	100.00%
BNP PARIBAS DÉVELOPPEMENT	EUR	72	191	34	100.00%
BNP PARIBAS EL DJAZAIR	DZD	3,500	3,822	2,791	84.17%
BNP PARIBAS EQUITIES FRANCE	EUR	6	21	4	99.96%
BNP PARIBAS FACTOR	EUR	3	22	14	100.00%
BNP PARIBAS IMMOBILIER	EUR	225	170	91	100.00%
BNP PARIBAS INTERNATIONAL BV	EUR	14	1,213	9	72.70%
BNP PARIBAS LE CAIRE	EGP	1,700	87	315	95.19%
BNP PARIBAS LEASE GROUP SPA (EX LOCAFIT)	EUR	149	111	(18)	73.83%
BNP PARIBAS PACIFIC AUSTRALIA LTD	NZD	5	17	5	100.00%
BNP PARIBAS PERSONAL FINANCE	EUR	453	4,078	633	98.94%
BNP PARIBAS REUNION	EUR	25	26	23	100.00%
BNP PARIBAS SECURITIES LTD	JPY	81	55	(20)	100.00%
BNP PARIBAS SECURITIES SERVICES	EUR	165	440	(32)	90.44%
BNP PARIBAS SUISSE	CHF	320	2,772	521	53.15%
BNP PARIBAS VOSTOK LLC	RUB	1,890	(199)	562	100.00%
BNP PARIBAS ZAO	EUR	1,563	1,030	1,213	100.00%
BNP PUK HOLDING LTD	GBP	257	20	5	100.00%
BNPP ANDES SA (**)	USD	50	1	(1)	100.00%
BNPP ASSURANCE	EUR	861	2,719	497	100.00%
BNPP BDDI PARTICIPATIONS	EUR	46	62	24	100.00%
BNPP CAPITAL ASIA PACIFIC LTD	HKD	254	38	(65)	100.00%

Name	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	Percent interest held by BNP Paribas SA
					in %
BNPP COMMODITY FUTURES LTD	USD	75	66	20	100.00%
BNPP IRELAND	EUR	902	297	47	100.00%
BNPP MEXICO HOLDING	USD	30	(4)		100.00%
BNPP PUBLIC SECTOR SCF	EUR	24			100.00%
BNPP SECURITIES ASIA LTD	HKD	1,578	488	93	100.00%
BNPP SECURITIES KOREA CO LTD	KRW	250,000	5,741	5,739	100.00%
BNPP SERVICES HONG KONG LTD	USD	336	(99)	1	100.00%
BNPP UK HOLDING LTD	GBP	1,227	14	104	100.00%
BNPP WEALTH MANAGEMENT	EUR	75	117	9	100.00%
BPLG-BNP PARIBAS LEASE GROUP	EUR	285	728	77	97.51%
CAPSTAR PARTNERS	EUR	2	65	7	100.00%
CIP -CIE D'INVESTISSEMENTS DE PARIS	EUR	395	301	40	100.00%
COBEMA SA	EUR	439	1,344	177	99.20%
CORTAL CONSORS FRANCE	EUR	58	300	43	94.21%
DEALREMOTE LIMITED(*)	GBP	90	(60)	1	100.00%
FIDEX HOLDINGS LTD	EUR	300	(8)	13	100.00%
FINANCIÈRE BNP PARIBAS	EUR	227	250	77	100.00%
FINANCIÈRE DES ITALIENS	EUR	412	17	7	100.00%
GESTION ET LOCATION HOLDING	EUR	266	956	(31)	99.24%
GRENACHE & CIE SNC	EUR	770	631	(4)	54.24%
HAREWOOD HELENA LTD	USD	125	NC	NC	100.00%
HAREWOOD HOLDINGS LTD	GBP	100	47	37	100.00%
JSIB UKRSIBBANK	UAH	4,949	(315)	264	51.00%
LAFFITTE PARTICIPATION 10	EUR	151	39	14	100.00%
OGDI-OMNIUM GESTION DEV. IMMOB	EUR	459	54	30	100.00%
OPTICHAMPS	EUR	410	22	12	100.00%
ORBASIENNE DE PARTICIPATIONS	EUR	311	(425)	6	100.00%
OTTOMANE CIE FINANCIÈRE	EUR	9	250	20	93.35%
PARIBAS DERIVES GARANTIS PDG -SNC	EUR	42	(6)	6	100.00%
PARIBAS NORTH AMERICA	USD	2,839	490	(86)	100.00%
PARIBAS PARTICIPATIONS LIMITÉE	CAD		73	113	100.00%
PARILEASE -SAS	EUR	54	255	10	100.00%
PARTICIPATIONS OPERA	EUR	410	18	7	100.00%
PETITS CHAMPS PARTICIPACOES E SERV	BRL	102	(32)	8	100.00%
PT BK BNP PARIBAS INDONESIA	IDR	67	1	14	99.00%
RIBERA DEL LOIRA ARBITRAGE SL	EUR	20			100.00%
ROYALE NEUVE I SA	GBP		529	27	100.00%
SAGIP	EUR	218	44	1	100.00%
TAITBOUT PARTICIPATION 3	EUR	142	37		100.00%
UCB ENTREPRISES	EUR	97	107	13	100.00%

Name	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	Percent interest held by BNP Paribas SA
2. Associated companies (10% to 50%-owned)					
B.N.L VITA SPA	EUR	241	17	53	49.00%
BANK OF NANJING	CNY	1,837	7,977	1,618	12.61%
BNP PARIBAS LUXEMBOURG	EUR	105	1,584	178	24.66%
BNP PARIBAS PERSONAL FINANCE SPA	EUR	95	42	7	49.00%
CREDIT LOGEMENT (*)	EUR	1,254	4	80	16.50%
ERBE	EUR	120	2,197	177	47.01%
GEOJIT FINANCIAL SERVICES LTD	INR	295	2,029	216	27.11%
MOTIER (*)	EUR	1	272	248	22.82%
PARGESA HOLDING SA (*)	CHF	1,699	483	203	15.13%
SAHARA BANK JOINT STOCK CY	LYD	252	295	82	19.00%
TEB MALI YATIRIMLAR	TRY	500	682	488	50.00%
VERNER INVESTISSEMENTS	EUR	15	300	66	50.00%

In millions of euros	Subsidiaries		Associated companies	
	French	Foreign	French	Foreign

II - General information about all subsidiaries and associated companies

Book value of shares				
- Gross	19,725	24,185	3,311	1,696
- Net	19,304	24,047	3,164	1,462
Loans and advances given by BNP Paribas SA	93,117	18,155	565	766
Guarantees and endorsements given by BNP Paribas SA	18,708	18,261	5,301	98
Dividends received	2,107	558	212	41

(*) Data at 31 December 2007.

(*) Data at 31 October 2008.

6.5 Details of equity interests acquired by BNP Paribas SA in 2008 whose value exceeds 5% of the share capital of a French company

Change in interest to more than 5% of capital		
Not listed	SA	SOCIÉTÉ DE FINANCEMENT DE L'ÉCONOMIE FRANÇAISE
Change in interest to more than 10% of capital		
Not listed	SAS	FINANCITES
Change in interest to more than 33.33% of capital		
Not listed	SA	SERVICES LOGICIELS D'INTÉGRATION BOURSIÈRE
Change in interest to more than 66.66% of capital		
Not listed	SASU	ANTIN PARTICIPATION 28
Not listed	SASU	ANTIN PARTICIPATION 29
Not listed	SASU	ANTIN PARTICIPATION 30
Not listed	SASU	ANTIN PARTICIPATION 31
Not listed	SA	BERGERE PARTICIPATION 10
Not listed	SA	BERGERE PARTICIPATION 11

6.6 Statutory Auditors' report on the financial statements

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

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

Mazars
61, rue Henri-Regnault
92400 Courbevoie

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report on the financial statements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

BNP Paribas
16, boulevard des Italiens
75009 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you for the year ended 31 December 2008 on:

- the audit of the accompanying financial statements of BNP Paribas,
- the justification of our assessments,
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I – Opinion on the financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, on a test basis or by selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of BNP Paribas at 31 December 2008 and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

Without qualifying our opinion as expressed above, we draw your attention to note 1 "Summary of significant accounting policies" and note 3.e to the financial statements, which describe a change of accounting method pursuant to the option provided by Comité de la Réglementation Comptable (CRC) standard no. 2008-17 of 10 December 2008, which permits the reclassification of certain financial assets.

II – Justification of our assessments

Accounting estimates

The economic and financial crisis, resulting notably in an exceptional increase in volatility, a sharp contraction in liquidity on certain markets and difficulties in assessing the economic and financial outlook, has had wide-ranging ramifications for credit institutions, notably in terms of business activity, results, risks and refinancing, as described in note 6.f to the financial statements. This situation created specific conditions this year for the preparation of the financial statements, especially as regards accounting estimates. In this context, and in accordance with the requirements of article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Impairment provisions for credit and counterparty risk

BNP Paribas records impairment provisions to cover the credit and counterparty risk inherent to its business (notes 1, 2.d, 3.a, 3.b, 3.c, 3.e and 6.f to the financial statements). We examined the control procedures applicable to monitoring credit and counterparty risks, impairment testing methods and determining the individual and portfolio-based impairment losses.

Measurement of financial instruments

BNP Paribas uses internal models and methodologies to measure its positions on financial instruments which are not traded on active markets, as well as to determine certain provisions and assess whether hedging designations are appropriate. We examined the control procedures applicable to identifying inactive markets, verifying these models and determining the inputs used.

Measurement of investments in non-consolidated undertakings and equity securities held for long-term investment

Investments in non-consolidated undertakings and equity securities held for long-term investment are measured at fair value based on a multi-criteria approach (notes 1 and 3.e to the financial statements). As part of our assessment of these estimates, we examined the assumptions underlying the determination of fair values for the main portfolio lines.

Provisions for employee benefits

BNP Paribas raises provisions to cover its employee benefit obligations (notes 1 and 5.b to the financial statements). We examined the method adopted to measure these obligations, as well as the assumptions and inputs used.

These assessments were made in the context of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III – Specific verifications and information

We have also performed the specific verifications required by law.

We have no matters to report regarding:

- the fair presentation and consistency with the financial statements of the information disclosed in the management report of the Board of Directors and in the documents addressed to the shareholders on the financial position and financial statements,
- the fair presentation of the information provided in the management report of the Board of Directors in respect of remuneration and benefits granted to certain company officers and any other commitments made in their favour in connection with, or subsequent to, their appointment, termination or change in function.

As required by law, we have verified that the management report contains the appropriate disclosures regarding acquisitions of investments and controlling interests and the identity of shareholders.

Neuilly-sur-Seine and Courbevoie, 11 March 2009

The Statutory Auditors

Deloitte & Associés

Pascal Colin

PricewaterhouseCoopers Audit

Étienne Boris

Mazars

Hervé Hélias

7 SOCIAL AND ENVIRONMENTAL INFORMATION

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7.1 Human resources development

GROUP VALUES UNDERPINNING HR MANAGEMENT

For BNP Paribas, the goal of being "the bank for a changing world" stems from the core values chosen by the new Group's top management at the time of the merger between BNP and Paribas in 2000. These values are illustrative of the Group's commitment to three goals:

- bringing together a global, multicultural Group,
- forging a strong, unique identity; and
- enlisting employee support for the corporate mission by giving that mission lasting sense.

A UNIFYING APPROACH

BNP Paribas is a global group on the move and, as such, takes great care to respect the cultural backgrounds of all its employees in the ways it conducts its business and manages its teams. The Group's core values bind the diverse group of men and women that make up the BNP community, giving them a strong sense of shared identity.

A DISTINCTIVE CORPORATE IDENTITY

BNP Paribas expresses its distinctive identity in all its businesses and territories throughout the world. It has chosen to focus on original values, at both an individual and collective level. Only three other global groups have included Commitment and Ambition among their core values, and BNP Paribas is unique in choosing Creativity and Responsiveness.

ACTION-CENTRED VALUES

To have a truly rallying effect, corporate values must be shared by everyone and lived on a daily basis. Accordingly, the Group's top managers have spelt out the meaning and direction of the individual and collective behaviour that these values call for:

Responsiveness means rapidly appraising situations, identifying opportunities and risks, making decisions and taking effective action.

Creativity means promoting new initiatives and ideas and rewarding their originators.

Commitment involves devoting best efforts to customer service and team success, while meeting the highest standards of behaviour.

Ambition reflects an appetite for challenge and leadership, with the goal of winning, as a team, a series of contests in which the client is judge.

These core values were chosen in 2000 and redefined in 2006. In *Ambition*, the in-house newsletter, the Chairman described how the Group's values reflect its goals.

"A genuine enterprise project is underpinned"

Values are often considered, in major groups, as a communications tool, a public relations display that bears little relation to how work is carried out on the ground. This is not our point of view. We believe that our Group values should be shared by everyone and lived on a daily basis. They should help to rally our teams and ensure the Group's overall cohesiveness. BNP Paribas is no ordinary company. Its uniqueness is very dear to our hearts.

Michel PÉBEREAU
Chairman, BNP Paribas Group



The same spirit presided over the work of defining the management principles and attitudes that are expected to govern the behaviour of all team leaders. These principles have been translated into the new

format for annual performance evaluations. A single evaluation form is now used throughout the Group, across all business lines, territories and levels of responsibility.

HUMAN RESOURCES POLICY FRAMEWORK

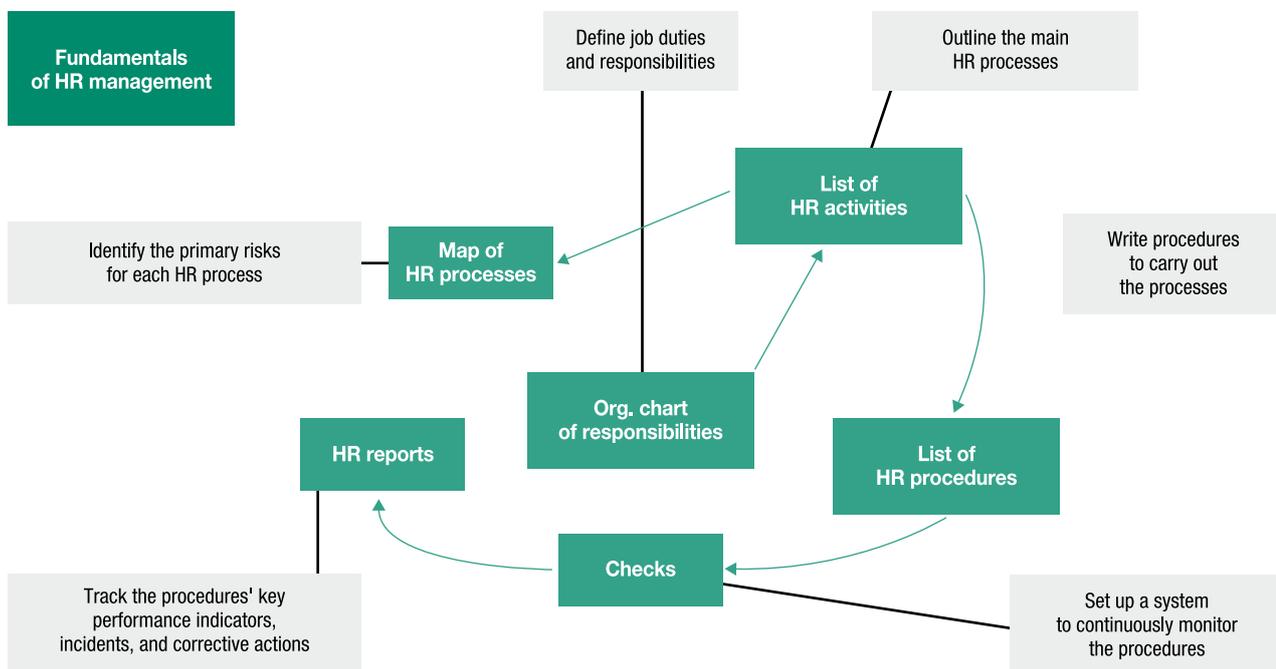
AN INTEGRATED SYSTEM

The human resources (HR) responsibilities charter was updated in 2007 as part of an overall review of the work and organisation of the Group's various functions.

The list of HR activities was also overhauled in 2007 and is now divided into ten areas, six involving HR management and four covering support functions. This policy framework provides a structure for the ongoing HR controls: risk mapping, procedures, key controls and reporting.

In parallel, the list of procedures is updated and extended on a regular basis to include new organisations and delegations and changes in processing procedures.

A scorecard of thirty major operational risks has been compiled for the Group. Among these operational risks, concerning HR discrimination has been deemed a determining risk factor by BNP Paribas. A grid of potential incidents giving rise to risk of discrimination was prepared in 2008, and action plans to counter it have been written up.



THE DELEGATIONS

In view of the diverse businesses and cultures brought under one roof when BNP Paribas was formed, the Group elected to have an integrated human resources organisation. By developing consistent career management and compensation practices, the groupwide human resources organisation enabled the merger to be conducted successfully.

Subsequently, the Group human resources organisation simplified decision-making processes and empowered local management by broadening the responsibilities of the various core businesses, subsidiaries and countries, as well as expanding the role and scope of Group-level operational leadership in the management of key positions.

Group Human Resources is responsible for following the careers of executives and upper-level managers in key posts under its oversight, and it takes the lead in managing career paths for high-potential employees.

OBSERVANCE OF THE UN GLOBAL COMPACT

With a presence in 83 countries, BNP Paribas operates in a variety of political and regulatory environments. This means that the Group must take particular care to ensure compliance with the principles of the United Nations Global Compact, to which it is a signatory.

In 2008, 49 countries were identified by authoritative organisations⁽¹⁾ in this field as representing the greatest risk in terms of human rights. BNP Paribas is present in fifteen of these countries, employing staff accounting for 3.3% of its total global headcount. In the most risk-exposed countries, where regulations are often quite lax, local human resources departments apply Group rules to all employee management procedures.

BNP Paribas and six other major French groups have helped to found *Entreprises pour les Droits de l'Homme* (EDH – Companies For Human Rights). EDH seeks to identify practical ways in which companies can ensure observance of fundamental human rights. It works with organisations such as Amnesty International that focus on human rights, and it undertakes to promote this approach among other companies. In December 2008 EDH celebrated the 60th anniversary of the Universal Declaration of Human Rights in Paris.

⁽¹⁾ Sources: Amnesty International, Freedom House and Eiris.

WORKFORCE EVOLUTION ⁽²⁾

To keep up with business growth, total Group staff expanded to 173,188 net permanent paid (NPP) employees at 31 December 2008, an increase of 10,501 from one year before.

The increase reflects continued external growth with the acquisitions of Sahara Bank JSC in Libya and JetFinance International in Bulgaria as well as organic growth of retail banking in emerging countries.

The Group's worldwide workforce breaks down as follows:

► BREAKDOWN BY GEOGRAPHIC AREA



► WORKFORCE IN FRANCE AND OUTSIDE FRANCE

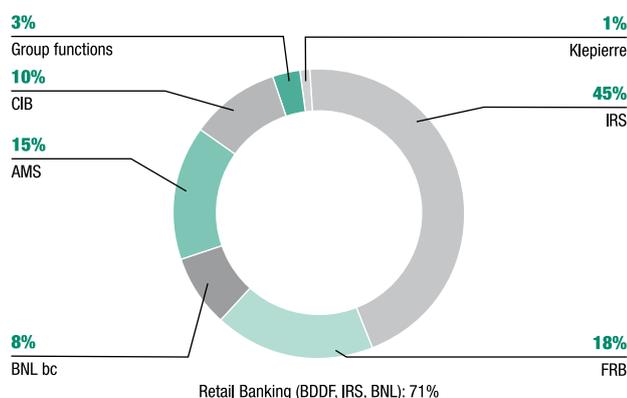
The Group is present in 83 countries, with more than 60% of its workforce outside France at 31 December 2008.

	2005	2006	2007	2008
France	55,499	57,123	64,080	64,217
Europe (excl. France)	25,205	53,461	62,473	68,542 ⁽¹⁾
North America	14,979	14,810	15,046	15,222
Asia	4,785	5,571	8,833	9,494
Africa	5,661	6,201	6,692	8,883
Latin America	2,363	2,924	3,287	3,957
Middle East	868	1,308	1,700	2,194
Oceania	420	513	576	679
TOTAL	109,780	141,911	162,687	173,188

⁽¹⁾ Includes Italy: 19,397

► BY BUSINESS LINE

In 2008 the proportion of the workforce in growing businesses increased primarily outside France, while the proportion in retail banking in the more mature markets of France and Italy declined.



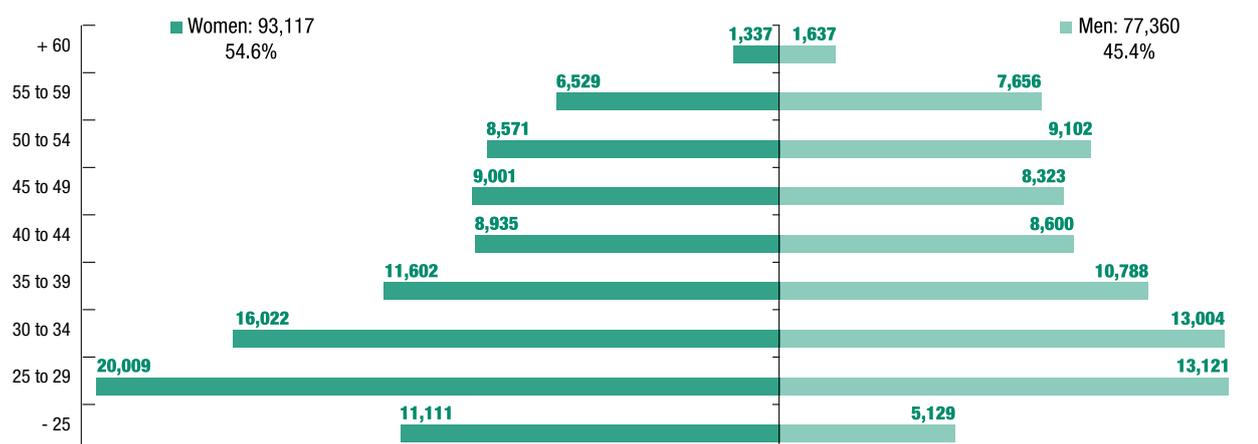
⁽²⁾ For human resources development data, the scope of this analysis is the entire NPP workforce managed by BNP Paribas as opposed to the consolidated workforce, which is limited to staff working for fully or proportionately consolidated entities calculated pro rata to the consolidation percentage of each subsidiary:

	2002	2003	2004	2005	2006	2007	2008
Consolidated workforce	87,685	89,071	94,892	101,917	132,507	145,477	154,069
Total workforce	92,488	93,508	99,433	109,780	141,911	162,687	173,188

AGE PYRAMID

The Group's age pyramid remains balanced overall. The lower age groups are predominant in most of the Group's divisions, while the opposite is true of retail banking in France and Italy, where the age pyramid is closer to the standard pattern of employment demographics in continental Europe⁽¹⁾

► GROUP AGE PYRAMID - HEADCOUNT - DECEMBER 2008



KEY CHALLENGES OF HUMAN RESOURCES MANAGEMENT

Amid the crisis that has struck the financial industry, BNP Paribas today stands out as one of the most robust and profitable banking groups. This is in no small part a result of the personal commitment of each employee, day after day, in the service of the Group's goals. The diversity of BNP Paribas – in its business lines with their particular histories, in its languages, cultures, etc. – represents an ongoing challenge, as does employees' adherence to Group values and strategy: as an enterprise, the Group must be attentive to each person's expectations and must know how to be responsive to them by adapting its human resource policies and managerial practices.

In the extremely turbulent environment of 2008, the Group confronted four major challenges in human resources management: keeping up with development and change, valuing and motivating staff and retaining their loyalty, promoting diversity, and always listening to employees' concerns.

KEEPING UP WITH DEVELOPMENT AND CHANGE

The Group's total workforce (NPP) has risen from 99,433 in 2004 to 173,188 in four years, an increase of 74%. Staff numbers outside France surged 141% over the same period, rising from 45,070 to 108,971.

The Group is expanding internationally, and human resources management must consequently meet two main challenges:

- anticipate employment trends by forecasting the cumulative effects of organic growth, productivity gains and the Group's age pyramid, which will bring about an average of 1,100 retirements per year by 2020 at BNP Paribas SA in France alone;

- develop the managerial resources needed not only to take the helm as key positions become available through natural attrition, but also to drive the Group's development and external growth plans.

The increasingly high levels of expertise required in the business lines and the Group's changing demographics make identifying and retaining talent a critical element of human resources management. This element presupposes a committed policy of adapting the job to the resource, taking into account the entire population of the Group without discrimination on the basis of age, sex or nationality.

Adapting quantitatively and qualitatively the workforce

Negotiations on forward-looking management of jobs and job skills began in early 2008 and are continuing, with the prospect of reaching an agreement in 2009.

To meet the challenges resulting from business changes and major Group projects, such as the need to recruit in several business lines and eliminate positions in a few other entities, two kinds of measures have been taken, following the objectives set in early 2008 and complying with the terms of the Group's social agreement in France: reclassification of job holders between business lines and oversight of outside recruitment. For this purpose, a special staff unit coordinates job management policy across divisions, business lines and support functions.

In parallel with these measures, the BNP Paribas SA jobs adaptation plan for 2006–2008 has gone forward, with an upward revision in the potential number of assisted departures in line with the initial objectives of the plan. During 2008, 339 employees left the company under this plan, 304 for the opportunity to take another salaried job and 35 to

⁽¹⁾ Calculated on the basis of physical headcount managed by the Group, one for one.

start or take over a business. The average number of jobs created by each of these departures is 1.2, counting new business formation and expansion.

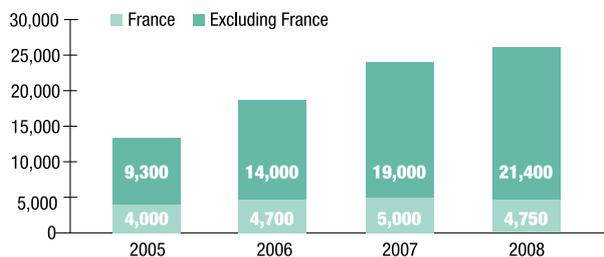
Within BNL in Italy, the plan that was the subject of agreements signed in November 2006 with trade unions on retirement, recruitment, mobility and professional development has gone forward in accordance with the forecasts made in 2008:

- 604 employees left the company;
- 720 new hires were made;
- 1,000 employees took advantage of mobility opportunities;
- more than 78,000 days, or close to 585,000 hours, of training were provided.

Ensuring recruitment that meets the specific needs of each business

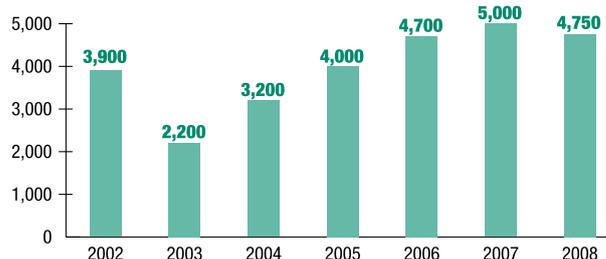
Recruitment held at a high level until August but then declined as economic conditions deteriorated. During 2008 as a whole, 26,158 new permanent hires⁽¹⁾ were made worldwide, compared with 24,080 in 2007. In France, recruitment was lower than in 2007 but still substantial, with 4,748 hires on permanent contracts.

► RECRUITMENT OF PERMANENT EMPLOYEES (EXCLUDING FIXED-TERM CONTRACTS)



The distribution of hires in France by age profile was stable in terms of relative shares, with young graduates accounting for 45%. There were 768 hires on work-study contracts, including 456 in professional internships and 312 in apprenticeships, comparable to the levels in 2007. At 31 December, there were 1,246 young employees on work-study. The number of trainees taken on under the VIE (Volontariat International en Entreprise) programme was stable, with 205 volunteers sent on missions in 2008 compared with 207 in 2007. The number of work placements for master's students also increased to over 1,200.

► PERMANENT CONTRACT HIRING IN FRANCE



Close links with schools and universities

Recruitment policy was scaled down in 2008 to match the decreasing needs, but without sacrificing any of the key policy components. Relations with schools were actively maintained, with more than 100 events organised. The flow of candidates for pre-recruitment (internships, VIE, work-study) held at about 64,000 CVs, a volume comparable to 2007.

The Ace Manager programme, a business game on selected campuses in 26 countries, boosted recognition of BNP Paribas as a brand-name employer among students outside France. The Group's international recruitment site, careers.bnpparibas.com, was updated with a redesign.

These initiatives have all served to maintain or raise the Group's attractiveness score among strategic target populations.

BNP Paribas – an attractive Group

BNP Paribas remained in first place, for the third year in a row, on unprompted attractiveness as scored in the TNS Sofres 2008 survey of third-year business school students and held onto second place among engineering school students, making it the no. 1 bank and the no. 1 service-sector enterprise cited by this population. BNP Paribas also placed first in 2008 among business students in the Student panel of *Trendence* Institute, conducted among 15,000 students of more than 151 training institutions (4th in 2007).

Combating discrimination

A Code of Ethics for all Group employees with a role in the recruitment process has been drawn up and disseminated. This Code is supplemented by two documents to help employees evaluate candidates' skills: a methodological guide for the individual interview and a grid to formalise and document the decision taken after the interview of the candidate.

Diversity of educational backgrounds

Young graduates of quite varied educational backgrounds – trained in social sciences, literature, sport, communication, etc. – find a place in the banking trades and help to diversify employee profiles, as investment advisers and junior account managers. With a two-year or four-year post-baccalaureate diploma in hand and aged less than 26 years, they undergo a year of work-study training in law, finance, taxation and customer relations management in a banking environment. They thereby acquire professional experience in the field as well as solid theoretical training, provided in partnership with the consortium of local public educational institutions (Greta).

⁽¹⁾ Excluding movements of Personal Finance Bulgaria and Sahara Bank, which were included in the workforce data during the year.

Developing skills of employees and teams

Training as a tool of business effectiveness

Given the rapid pace of transformation in businesses, work organisation and the labour market, training and skills development is a key means of:

- raising employees' performance levels;
- enhancing their employability within the enterprise;
- valuing them and developing their loyalty.

Training supports each employee in his or her willingness to learn in order to achieve professional objectives and prepare for future changes.

In addition, training provides a means to become better acquainted with the Group and its culture, its environment, and the regulations that cover banking activities. Lastly, training mechanisms foster exchange of knowledge between employees as a means of sharing skills. To be effective, training sessions must be tied together and made part of a long-term training programme. The Group's training curriculum is constructed by combining professional training for the business lines with cross-functional Group training.

In support of this training policy, BNP Paribas has a training centre that serves as a campus for bringing together employees from throughout the Group.

The Louveciennes Training Centre

The Group training centre, in the magnificent setting of Louveciennes near Paris, is a veritable company university. Its mission is not just to build competencies but to provide a forum for sharing ideas and building company spirit. Employees from all businesses, countries and cultures come here for training sessions. In 2008 nearly 21,000 employees came here to participate in integration seminars, business-specific courses, cross-functional training programmes and major Group events.

Raising employees' performance levels

The training provided by the business lines is intended primarily to raise the level of employees' professionalism and expertise in their field. For this reason, each business line draws up a training plan that seeks to maintain competencies at the level needed for employees to exercise their responsibilities. The training programmes are designed and developed with the help of training specialists in order to make optimal use of new apprenticeship arrangements. The training curriculum thus combines classroom training with e-learning, and the training approach is supplemented by testing to ensure that appropriate knowledge is imparted.

Effective performance also requires acquisition of more multilateral skills, such as:

- proficiency in English – deployment of the Step-up programme introduced in 2007 continued throughout 2008;
- knowledge of compliance principles – programmes to raise awareness and understanding of the broad principles of preventing money laundering and handling conflicts of interest have been delivered in the form of e-learning;
- professional development – training in supervision, project management, personal effectiveness and operations management is provided frequently at the Group training centre in Louveciennes, where 1,567 executives received training in 2008.

Performance evaluation training recognised for merit

BNP Paribas' *Serious Game* performance evaluation interview was awarded a prize in the most recent International *IntraVerse Serious Game Awards* competition. This prize recognises the Group's initiative and highlights the value of "serious games" as a component of professional training.

Enhancing employees' employability with the Group

To face up to the massive changes affecting business lines within the banking industry, enhancing employees' ability to move from one business to another has been made a priority.

A first step in this direction was accomplished in 2008 by instituting a new support mechanism for employee mobility.

Called "Pro mobilité", this mechanism covers any Group employee in France who has officially applied for a mobility transfer or is considering whether to apply. The purpose of the mechanism is to:

- realise the value to the Group that is gained from naturally dynamic mobility in a context of ongoing sharp changes within BNP Paribas;

- prepare employees for their mobility transfer;
- support the reorganisations that mobility transfers will entail;
- foster exchanges and better understanding of the Group through sharing between participants.

In 2008, seven sessions open to more than 80 people met with great success. This mechanism thus provides an effective way for the bank to support employee transfers during a period of sharp changes.

Training of new employees

Introductory training enables new employees to learn about BNP Paribas and understand how the business units where they work fit into the whole. These programmes provide an occasion for new hires to build their

first network of acquaintances within the enterprise. They help to create a sense of belonging by offering shared terms of reference as regards values, business principles and methodologies. Introductory training is just one among other highlights of new employees' first days; others are meeting their managers and fellow team members for the first time, being shown the work station where they will sit, and learning about the environment in which they will operate.

Welcoming new employees is also the occasion to show them how innovative the BNP Paribas Group is. To this end, the training engineering staff has developed a novel approach that couples new technologies and knowledge of the Group in a "serious game" that teaches about banking activities as it is being played. This game is part of the introductory programme for new employees.

VALUING, MOTIVATING AND BUILDING LOYALTY

Building loyalty with competitive remuneration

Remuneration

Work performed, skills and level of responsibility are remunerated by base pay commensurate with the employee's experience and the market norm for each business. Individual performance is rewarded by variable pay based on achievement of set objectives. Variable remuneration takes different forms in different business lines.

The Group strives to apply a fair, competitive and selective remuneration policy.

- annual performance reviews are driven by a search for fairness in accordance with a global procedure monitored by Group Human Resources.
- the Compensation and Benefits department of Group Human Resources updates annual benchmarks by business, type of post and country. This process is illustrative of the importance given to competitive fixed and variable pay.
- remuneration is revised in accordance with selective criteria that are closely linked to the development of the employee's skills, responsibilities and performances as reflected in the annual performance evaluation.

An extensive range of benefits

Employee savings plans

Incentive and profit-sharing plans

The Group seeks to optimise collective profit-based incentive schemes according to the legal, social and tax context of each entity: profit-sharing (mandatory) and incentive (voluntary) plans in France, similar "profit-sharing" plans in many other territories.

Amount payable in respect of the year listed, in euros	Profit-sharing and incentive plans – BNP Paribas SA					
	2003	2004	2005	2006	2007	2008
Total gross amount	116,769,620	148,701,874	186,076,788	227,719,000	232,530,560	84,879,969
Minimum amount per employee	2,328	2,945	3,772	4,696	4,728	1,738
Maximum amount per employee	7,831	10,020	10,689	12,732	12,800	4,641

Employee share ownership

The Group has always encouraged employee share ownership through an annual share issue reserved for employees. Since the formation of the BNP Paribas Group in 2000, the worldwide employee share ownership plan has offered employees the opportunity to become shareholders of their own company for a minimum period of five years. They are entitled to a discount on the shares they purchase and to top-up payments from the company. To date, eight share issues have been offered to Group employees.

Employee savings plans

These plans enable employees to build up their savings, in particular with a view to retirement, while at the same time optimising local tax treatment and social benefit schemes. Outside France, supplementary pension schemes are the preferred means, whereas in France employee savings plans allow staff to set up savings accounts that receive preferential tax treatment in return for a medium-term holding period. These plans can be topped up by payments from incentive and profit-

sharing plans, by voluntary payments from the employees themselves, and, where applicable, by partial matching payments from the company. Employees can choose the investment vehicles that suit their objectives: funds invested in BNPP shares, in diversified equities, in bonds, or simply a blocked cash account. PERCO, the Group retirement savings plan, was introduced in 2005, and several thousand employees have subscribed to it. The savings become available on retirement, in the form of an annuity or a lump-sum payment. Top-up payments into PERCO amounted to EUR 6 million in 2008.

Other company benefits

The Group has a longstanding benefits policy of providing a high level of protection to its employees. These mechanisms have been harmonised, particularly outside France, with the aim of ensuring greater consistency between local systems that are sometimes quite disparate. Outside France, the Group seeks to provide company benefits that cover medical consultations and hospital stays to its local employees and their families.

BNP Paribas El Djazair company benefits

In 2008 BNP Paribas El Djazair introduced a supplementary health coverage plan. All employees can subscribe to a mutual insurance plan that offers good benefits and competitive rates. A pioneer in this respect in Algeria, the bank pays 75% of the premiums, with the remaining 25% shared between the social welfare scheme and the employee in proportion to the employee's income. This plan also covers employees' spouses and children.

A flexible customised contingency plan in France

BNP Paribas' personal contingency insurance plan was set up under a company-wide agreement and has few equivalents in French companies. This flexible plan offers staff a high level of cover for absences from work due to illness, disability or death. Starting from a basic plan that applies by default, employees adjust the protection to their personal or family situation by choosing benefit amounts and supplementary cover as needed: higher benefit for accidental death, education annuity, temporary income for the spouse, one-off payment in the event of the death of the spouse. Choices can be modified regularly. An enterprise agreement in 2008 extended a number of benefits under the personal contingency plan. This flexible benefits plan applies in 36 French entities and covers more than 62,000 people.

Dynamic career and mobility management

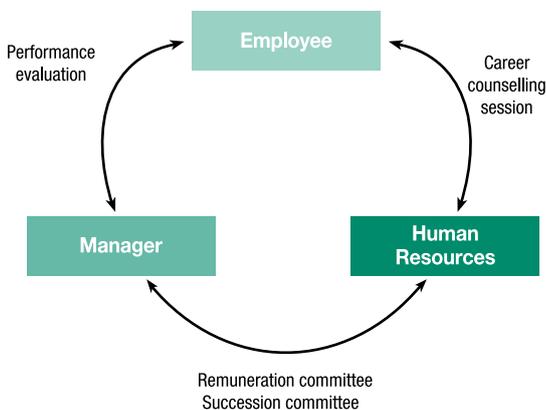
Career development efforts in 2008 focused on improving the management processes in several areas, such as expanding the scope for identifying high-potential executives, incorporating evaluations of managerial performance into the identification process, and ensuring effective succession management.

Career management that prepares and supports employees' advancement

BNP Paribas' career management policy is designed to enable each employee to progress continuously within a coherent, well-constructed framework. The Group invests in various ongoing training programmes adapted to individual profiles and aspirations.

Career management is based first and foremost on the relationship between the employee and his or her manager. Human resources managers' mission is to monitor this relationship and to follow up on each individual's career advancement.

➤ **CAREER MANAGEMENT**



Organised succession process

One of the Group's most important career management projects is preparing for the future by ensuring long-term succession for executive management positions. Succession Committees that bring together managers from the various divisions and functions and human resources managers meet once a year to identify high-potential executives who could in future take over key posts within the company in the future. The Leadership for Development programme was set up in 2005 to help these executives draw up individual career development plans in conjunction with their immediate superiors. For a limited number of key posts, a People Review mechanism has been set up for the Executive Committee.

In addition, for junior managers, a special career-tracking mechanism has been put in place, with one-on-one career counselling sessions, customised seminars and meetings with Group leaders. Several different tracking programmes are offered to assist them through the main stages of their early careers. These include *Cadres à Potentiel Juniors* for high-potential junior managers and *Diplômés de l'Enseignement Supérieur* (DES) for holders of advanced degrees.

Transmitting the culture and strategic messages of the Group

An ambitious project, the Talent Development Program, was launched to better identify and further the careers of high-potential employees. This is a collaborative project, created with the help of HR and other managers from the various divisions and territories. The goals are to ensure effective management succession and to keep pace with the Group's growth. In April 2008 this programme had been deployed in 17 territories. Under it, more than 200 HR managers, including 80 assigned to posts outside France, underwent two modules of training. Deployment kits with full documentation were prepared for HR and operating managers and executive committees of the business lines and territories.

The Talent Development Program provides three programmes of training courses. *Leadership for Development*, established in 2005 in partnership with *Collège de l'Ecole Polytechnique*, is intended for experienced high-potential managers and designed to enhance leadership abilities. It is organised in two sessions, and it drew 156 participants in 2008. Two new programmes intended for more junior employees with high potential were added in 2008: *Go to Lead* and *Share to Lead*. The pilot sessions of these programmes, which proved to be highly satisfactory, drew 114 participants.

Two programmes for senior executives, PRISM and NEXTEP, also continued in 2008. The objectives of these two programmes are closely linked to those of career management policy. They are to create and nurture a community of senior executives in key positions (PRISM) and to help ensure success in high-stakes career moves (NEXTEP). The aim is to ensure that training and career management policies are complementary and that conditions are in place to provide senior executives with the skills they need to drive the Group's development. In 2008, 146 people

took part in five PRISM sessions, with the target being key "manager of managers" posts. 28 participants attended the three sessions of the NEXTEP seminar, which is targeted at managers faced with a substantial increase in responsibilities.

A dynamic mobility policy

Career mobility is not only a competitive advantage of BNP Paribas but also a preferred means of adapting the Group's human resources to the development of its business operations. It allows employees to enhance their professional experience and move ahead in their careers. Different forms of career mobility can help develop employees' potential in new business lines and enable them to acquire new skills:

- *functional mobility*. Mobility need not mean a change of position; it can also mean professional development via enhancement of the employee's skills, abilities and knowledge;
- *geographic mobility*. The employee moves to another town or, in the case of international mobility, to another country;
- *inter-company mobility*. The employee moves from one Group entity to another.

Although the diversity of the Group's businesses allows huge scope for career mobility, choices must take account of individual aspirations while at the same time ensuring that optimum use is made of the skills already gained by the employee. For this reason, the Group's performance evaluation system encourages discussion between employees and managers as the basis for career management.

In 2008 the *E-jobs* intra-Group mobility information tool was put online. With this tool, employees can learn about jobs posted by the various entities via an extranet or intranet connection. HR managers in a country can post available job positions, and employees can apply for them online. Deployment is underway in Germany, Japan, India, the Gulf States and Switzerland.

Following an external audit on mobility, a team International Mobility was organised to provide better support to expatriates through cross-cultural training and assistance in finding employment for spouses. This service is offered to the divisions and functional departments for their expatriates. The number of job openings posted on *E-jobs* is currently around one thousand for France, Italy and Spain.

PROMOTING DIVERSITY IN ALL ITS FORMS

Before the merger, BNP was predominantly characterised by one business in one country: retail banking in France. Over the past few years, business lines and operating territories have multiplied at an accelerating pace. The structure of the Group today reflects this evolution and shows a balance across business lines and geographic areas.

BNP Paribas and its commitment to diversity

With more than 170,000 employees of more than 160 nationalities in 83 countries, BNP Paribas views staff diversity as a major strength for a *Bank for a changing world*, a strength that enhances performance. The Group has a duty to be a beacon of corporate social responsibility. The *Global People Survey* conducted in-house in 2008 showed that environmental and social responsibility and diversity are key drivers of employee commitment, in second place behind only leadership. BNP Paribas also believes that mixing together people from different backgrounds serves as a source of creativity and effectiveness by mirroring the surrounding society.

Non-discrimination is a prerequisite for managing diversity. For this reason, the Group has identified discrimination as one of the thirty major operational risks.

BNP Paribas signed the Diversity Charter in France in 2004 and has since waged an active policy of combating discrimination and promoting diversity, notably by naming a diversity officer in 2005 and a manager of the Handicap project in 2006 and by launching the Banlieues project in 2006.

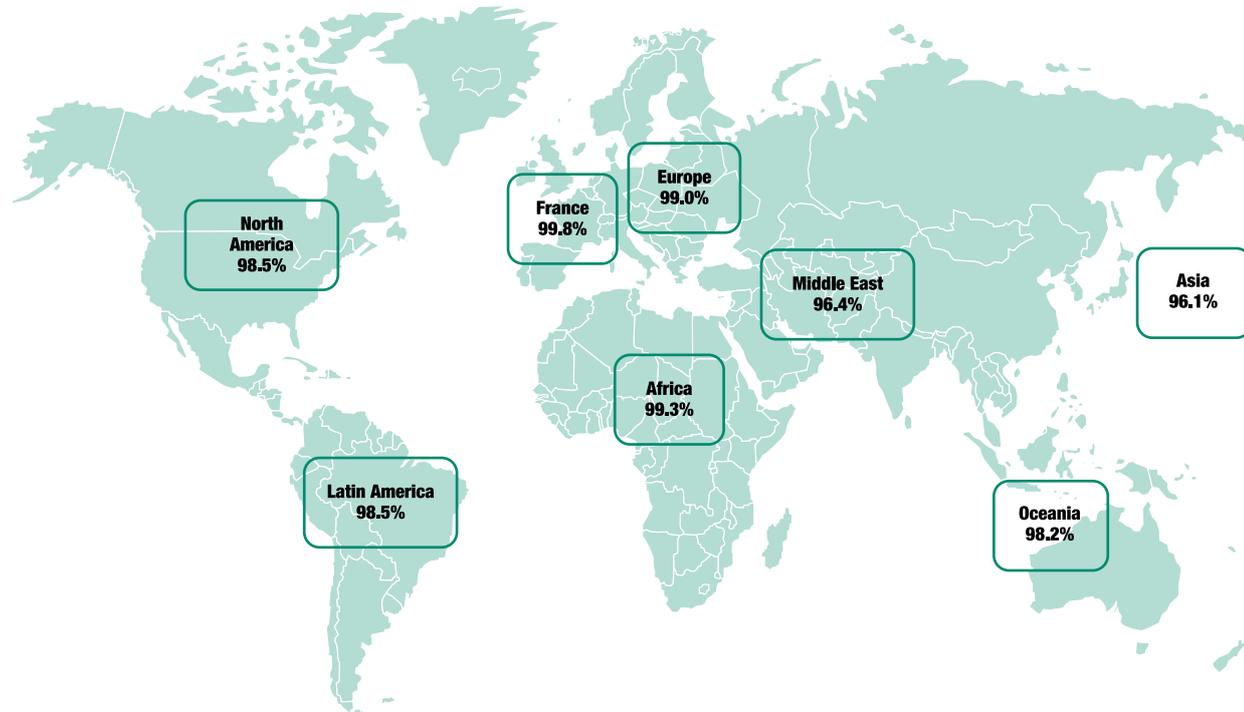
In 2006 and 2007, several external audits of non-discrimination and diversity at the Group revealed the strong points and the points that still need work. Action plans were drawn up on the basis of these audits. Diversity policy is underpinned by a set of non-discrimination principles common to all procedures throughout the Group. For the 2007-2010 period, diversity policy is articulated along four dimensions, with goals that will be updated as the Group evolves: diversity of origin, gender equality, employment and accommodation of persons with disabilities, and age diversity.

Dedicated international teams

By employing local people, BNP Paribas directly contributes to the development of the countries in which it operates and is thus naturally integrated into the different cultures and communities concerned. Local employees⁽¹⁾ can gain access to positions of higher responsibility within the subsidiaries and branches and pursue careers within the Group.

⁽¹⁾ Employee not under the expatriation agreement regime.

Percentage of local staff employed by geographic area



Recruitment

Recruitment is governed by a rule of non-discrimination: job postings make no mention of sex, and hiring criteria are based exclusively on the skills and qualifications of the candidate. Men and women are guaranteed the same grade level and starting salary when hired for a given post with the same level of experience and training.

In France, numerous oversight tools and actions have been developed by the central recruitment unit: quantitative recruitment audits, site audits of recruitment centres, diversity training for recruiting staff. In 2008 a handbook for conducting individual recruitment interviews was prepared in collaboration with the *Observatoire des Discriminations*. This handbook includes a code of ethics, an analytical grid, and a how-to guide for the individual interview. The candidacy management tool implemented in 2006 provides detailed, documented tracking of the candidate throughout the recruitment process. Another tool evaluates candidates' professional behaviour in a consistent, uniform way. Lastly, the hiring interview processes are a focal point for oversight in the HR internal control system.

In 2008, BNP Paribas in London expanded its 'sourcing policy' for young graduates and its list of target universities to attract a more diversified set of candidates. It has entered into partnerships with associations of students of a number of different origins: Women in Business Society – London School of Economics, Imperial College Arabic Society, Cambridge University Arabic Society and Cambridge University German Society. The Group's brochures, websites and other tools of communication about recruitment have been redone to attract a broad sample of candidates as well as specific groups such as the National Black MBA Association.

To draw more female candidates, the London staff worked with women in the branch network in London to organise Women Insight Days

in 2008. For three days, female students could attend presentations and discussions on corporate finance jobs, visit the trading room and participate in question-and-answer sessions with women executives of the Bank.

Training in diversity

In 2008 a one-day training session for managers on managing diversity as component of performance – their own and the Group's – was deployed on a pilot basis in the business lines and departments. 450 managers attended. It will be expanded in 2009 to a target sample of 1,000 managers. The training session combines theoretical background, individual work on each person's stereotypes, pair exchanges and case studies.

Career development

BNP Paribas is committed to all of the following principles: evaluation and career direction are based exclusively on professional skills and qualities; criteria for promotion are identical for men and women; family obligations and constraints are considered in managing mobility transfers; and alternative working schedules, in particular part-time, do not penalise an employee's prospects for career development or pay.

In France, the Bank has made commitments on specific actions at pivotal stages of employees' careers: on convergence of rates of promotion for men and women; on systematic career interviews with all employees having fifteen to twenty years of business experience; on systematic career interviews with all part-time employees returning to full-time work; and on increasing the proportion of women executives.

The Talent Development Program, an international talent-spotting programme, takes into account managers' ability to promote a multicultural, cross-functional approach.

BNP Paribas the first bank in France to obtain the AFNOR diversity label

BNP Paribas is the only bank in the first group of seven companies to receive the AFNOR diversity label. Conferred in recognition of the Group's policy against discrimination, this label is awarded by France's national standards organisation (AFNOR) on the recommendation of a committee of representatives from government, labour unions, employer associations and France's national association of human resources directors (ANDRH). Companies are evaluated for this label on the basis of specifications covering five areas: achieved diversity, diversity policy, internal communication, activities within the company, evaluation and areas in need of improvement.

Diversity of origin

BNP Paribas the no. 1 private employer in Seine-Saint-Denis

With the arrival of 6,000 employees of its BNP Paribas Securities Services subsidiary at the Grands Moulins de Pantin complex, renovated and adapted to meet the HQE environmental standard, BNP Paribas has become the largest private employer in Seine-Saint-Denis. In addition, as part of its Banlieues project, BNP Paribas in 2008 enabled its partners ADIE and AFEV to open a new centre at Aulnay-sous-Bois in Saint-Denis, thereby providing a stronger anchorage for its social services to the community.

Promoting talent of every kind, regardless of origin

Respecting diversity among employees and candidates is a corporate social responsibility. In many of the countries where the Group operates, discriminatory practices within companies are prohibited by law. The Group owes itself to be ever more open to hiring talent of every kind and every origin, ethnic, religious, cultural or social. After hiring and over the course of a career, assessment of a person's capabilities must be based exclusively on appraising contributions made and competencies demonstrated at every stage along the way.

International teams

As BNP Paribas has grown and expanded internationally, the Group's worldwide workforce has increased every year since 2000, rising to more than 173,000 employees at year-end 2008. In eight years, the percentage of employees outside France has risen from 40.8% to 63.0%. To go along with this very rapid international expansion, BNP Paribas strives to include more international managers in its executive teams, as demonstrated by its appointment to the Executive Committee of a member who is not a French national.

The Group's expatriation policy has been devised to help develop an international corporate culture and facilitate the building of international teams. An expatriation kit, a support programme for expatriate spouses, and cross-cultural training are provided with these goals in mind. In the United States, a new training programme has been designed for employees transferred from other countries. The programme sensitises these employees to cultural differences that can have an impact on methods of working, managing and collaborating with others.

Outreach to visible minorities in France

In the educational area, BNP Paribas signed the Apprenticeship Charter in 2005 and the Charter on Equal Opportunity in Education in 2006. BNP Paribas SA focuses on work-study arrangements that enable young people at baccalaureate level from all backgrounds to continue their studies under an apprenticeship or professional internship contract. Each year, the Group trains approximately 1,000 young people on internships and close to 300 on apprenticeships. These two-year contracts involve tutors to follow each of these 1,300 students, who become eligible to be recruited for permanent staff positions at the Bank after they have obtained their diplomas.

To limit the self-censorship that prevents minority candidates from applying, and thereby to diversify the candidate pool, BNP Paribas organises numerous outreach events among visible minorities in France. To promote equal opportunity, the Group participates in job fairs oriented towards visible minorities and in employment diversity forums in underprivileged areas. These include IMS, Africagora, AFJ, the *Zéro Discrimination* initiative in Lyons, and the *Nos quartiers ont du talent* project with MEDEF, the French employers' association, etc.

BNP Paribas Personal Finance is a partner of *Nos Quartiers ont du talent*, an association formed in 2005 to build bridges between companies and young graduates from disadvantaged neighbourhoods. The project brings hiring employers face to face with young graduates (four or more years post-baccalaureate) from the Seine Saint-Denis department. The collective sponsorship programme launched in 2008 has had success: in December 2008, 25 of 48 young graduates sponsored by 26 Personal Finance employees, three of them members of the entity's Executive Committee, had found a job with the help of this sponsorship.

Every year since 2005, BNP Paribas has been successfully holding hiring events called *Entretien Immédiat* at bank branches in Paris and the surrounding area. At these events, graduates of all origins with two to five years of post-baccalaureate study can come into a branch and apply for a job on the spot, with no need to make an appointment beforehand.

In March 2008, BNP Paribas and nine other large employers from the private and public sectors (Accenture, AXA, Ministry of Defence, L'Oréal, SNCF, La Poste, Orange, Keolis, TLF), jointly with ANPE and the Conseil National des Missions Locales, conducted an innovative recruitment initiative to promote diversity, *Le Train pour l'Emploi et l'Egalité des Chances*.

Gender equality in the workplace

In 2004, in accordance with governing law, BNP Paribas chose to examine the conditions under which the principle of equality between men and women was actually being borne out within the Bank. Although well represented in the workforce, women are in some cases coming up against a "glass ceiling" that is keeping them from rising above a certain level. Upon this finding, the Group committed to foster equal opportunity and treatment between men and women at all stages of professional life and to do more to bring women into management positions.

Company agreements

BNP Paribas SA signed a new long-term agreement on gender equality in the workplace in July 2007. This agreement takes the place of the previous one on the same subject, signed in April 2004 for a term of three years. The new agreement sets down the principles that should be followed in observing and developing equality of opportunity and treatment between men and women at all stages of professional life. It provides for means of fostering work/life balance and for closing, over a period of three years, observed pay discrepancies between men and women at the same grade and with comparable levels of training, responsibility and professional effectiveness as revealed by evaluations of their performance, skills and experience. A funding envelope of EUR 3 million has been provided. Some pay discrepancies were closed in 2008, and the operation will continue in 2009.

At BNP Paribas Assurance, a special committee determines what individual gap-closing measures are to be implemented to meet the agreed gender equality indicators.

The gender equality label

Personal Finance and BNP Paribas Assurance have been awarded this professional equality label in recognition of their actions to encourage equal opportunity and treatment of men and women in the workplace. These actions relate to sensitisation of management, parental leave for education, extension of paternity leave to two calendar weeks with full pay, enhanced support for maternity leave, comparable pay studies and implementation of tracking indicators. The gender equality label is an effective tool in advancing equality and evenness between the sexes in business and enhancing the social dialogue. It was instituted by the Ministry of Labour in 2004 and is awarded for three years at a time.

Proportion of women in positions of responsibility within the company

In 2008 in France, the percentage of women promoted into management-rank positions (as defined in the banking industry collective agreement) or management positions (for subsidiaries not governed by that agreement) was 32%, up from 28.5% in 2007. At BNP Paribas SA, the proportion

of women executives has been rising steadily in recent years; it was 38.8% in 2005, 40.3% in 2006, 41.4% in 2007 and 42.6% in 2008⁽¹⁾. In 2007 BNP Paribas surpassed the 40% target set by the banking industry for 2010 in terms of the proportion of women in the management population. The Bank's own target for 2010 is now 44%.

Gender equality networking

In France, under the impetus of Group Human Resources, a working group of women in upper management positions was formed in late 2004. It is called Mix City, and its mission is to propose measures to make life easier for women in the workplace and bring more of them into upper management positions. The working group acts along three lines:

- develop women's managerial potential: networking and a study on coaching;
- achieve a better work/life balance: concierge services;
- neutralise the maternity period as a factor in career management: maternity leaflet and influence to propose more progressive procedures within BNP Paribas SA.

Other networks on the model of Mix City have been set up in Luxembourg in 2007 and London in 2008.

At the initiative of the territory director and the Human Resources department in Luxembourg, a group of women managers there has set up a working group of men and women. One of its major actions consists in transposing the agreement on gender equality in the workplace that was signed by BNP Paribas SA in 2007. Another is to improve communication on gender equality and create conditions favourable for the advancement of female employees. Regarding work/life balance, its recommendations are to assist female employees in managing their work schedules, to favour flexibility and to include more services in the concierge service offering.

In London, the women's networking group sponsored by Human Resources consists of a steering committee of 25 women executives. In 2008 and 2009, the group is concentrating on a mentoring project and on actions to increase the number of women applying for positions in investment banking.

Conference in Bahrain

More than 200 people from the Gulf region accepted BNP Paribas' invitation to the *Women and Leadership* conference in Bahrain. Royal families, government representatives, business leaders, news media, students – all sectors of the economy and society were represented at this extraordinary event in honour of diversity. The conference programme included presentations, case studies, first-person accounts and exchanges. The conference was not only about offering women their rightful place in business and society, but also about reflecting on how to attract talent in the BNP Paribas Group. With this initiative, BNP Paribas in Bahrain added another dimension to the Group's drive for diversity.

Parenthood

By signing the Parenthood Charter in 2008, BNP Paribas affirmed its commitment to balance between work and private life and to offering employees who are parents an environment better suited to their family responsibilities.

Giving more attention to the wellbeing of each and every employee, BNP Paribas is taking concrete steps such as establishing concierge services in Montreuil, Rueil-Malmaison, Levallois and Luxembourg. A customer satisfaction survey has shown that employees – both men

and women – are thrilled to have this kind of services available to them. Leaflets prepared by Mix City on the gender equality agreement and on maternity and adoption are published for all employees. The Group has formed a partnership with FEPEM, an association of in-home employers in the Paris region, to advise Group employees in France on the formalities of daycare: filing requirements for the hiring of care providers, collective agreements covering in-home workers, family allowance benefits, available reductions of social security and other tax charges, and so on.

⁽¹⁾ 43.1% in NPP stated according to the new standard used in the 2008 Social Report

The Group contributed to the publication of a guide on promoting parental responsibility among male employees by ORSE (observatory on corporate social responsibility) issued in November 2008. Copies are distributed to employees.

Starting in January 2009, the eleven-day paternity leave available to employees of BNP Paribas SA comes with full pay.

Family-friendly policies

In the United Kingdom, a number of initiatives are in place for employees who are or are about to be parents: paid leave for maternity, paternity or adoption, flex-time via part-time working or teleworking, and year-long sabbaticals. A plan in place since 2008 enables employees with children to buy cheques to pay for childcare out of before-tax income. In London, the employee assistance programme can provide employees with counselling from professional advisers, on a confidential basis and at no charge, on financial, matrimonial, emotional or family matters. In the United States, the length and level of pay of leaves for reason of family events have been improved.

Employment and integration of persons with disabilities in France

At year-end 2008, the number of employees with disabilities at BNP Paribas SA was 754. Nearly 70% of them are aged over 50. Integration of persons with disabilities is an important issue of social responsibility for the Group. For this reason, the Group strives to keep such persons in work and to be more effective in hiring workers with disabilities.

Agreement on employment of persons with disabilities signed in 2008

This agreement came into force on January 2008 for a term of four years. It gives the Bank the means to develop an action plan consistent with its business project and culture.

The objective is to promote recruitment of persons with disabilities by hiring at least 170 such persons over four years, emphasising work-study arrangements and paying special attention to candidates' business experience and adaptability. This approach will be rounded out with processes for receiving new hires and introducing them to their fellow staff members. Keeping persons with disabilities in work will be optimised with physical and organisational accommodations and by providing secure transitions between jobs. Procurement of services from the protected worker sector will be increased.

The signing of this agreement continued a policy initiated several years before. With *Projet Handicap*, begun in 2006, the Bank developed and implemented a proactive policy of employing persons with disabilities as part of its social responsibility policy. The agreement in which the Bank pledged to meet recruitment targets and intensify its efforts to keep persons with disabilities in work was signed in May 2007 with Agefiph, a collecting organisation for corporate contributions. It was renewed in 2008 for a term of four years.

For more than twenty years, BNP Paribas has been working on behalf of persons with disabilities by supporting an employment rehabilitation centre (ESAT) that it formed, Institut des 100 Arpents.

Accomplishments

Joint labour-management working group

Initiated jointly with the employee representative organisations in 2007 to look at issues in keeping persons with disabilities in work, this working group identified and specified actions that were included in the enterprise agreement signed in early 2008.

Exposition for employees on the topic of handicaps

Le talent ne fait pas de différence (talent makes no distinction) is the title of a travelling exposition mounted in 2008 upon the signing of the enterprise agreement on employment of persons with disabilities. Twelve panels created by *Compagnie Regard' en France* invite viewers to learn about exceptional artists who had handicaps, from Homer to Glenn Gould.

Twelfth annual national week for employment of persons with disabilities

In observance of this week, BNP Paribas in 2008 held its second annual reception for persons with disabilities and informed them on the kinds of jobs it can provide. Sensitivity training workshops were also organised for employees in Paris, and technologies to help the employer accommodate a worker's disabilities were presented.

Age diversity

As part of its diversity and gender equality drive, BNP Paribas follows an employment policy designed to help extend its employees' working lives. At BNP Paribas SA, measures that allowed employees to leave on early retirement were restricted in 2004 and eliminated altogether in 2006. The proportion of employees aged 55 and over reached 20% of the workforce at year-end 2008, compared with 10% at year-end 2003.

With the lengthening of working lives, BNP Paribas seeks to provide career prospects for employees aged 45 and over by facilitating further development of their skills and responsibilities. Under the branch agreement of 9 July 2008 on age discrimination and employment of seniors, the enterprise is committed to a gradually increasing average age of retirement, rising from 55 years to a target of 60 years by 31 December 2012. The enterprise is also committed to doing more to manage the latter part of employees' careers and to producing an annual report on employment of seniors.

The enterprise commits to the principle of equal access to professional training and individual right to training regardless of age. In 2007 the percentage of employees aged 45 and over who had taken a training course was 41.72%.

The seminar on managing diversity as a component of performance, deployed in 2008, sensitises managers to age diversity and reminds them that any form of age discrimination is to be banned.

LISTENING TO EMPLOYEES

In any financial services business, human capital is a core asset and managing change is a key challenge, because all facets of the operating environment – markets, business lines, growth and globalisation – are changing faster than employees' business culture and behaviour.

To respond to these accelerating changes and to employees' varied expectations, managers need to be good listeners, good explainers and good example-setters. The corporate training programmes offer managers the skills they need to meet these leadership challenges so that employees are not left feeling disconnected, under accumulating stress or discouraged by unmet expectations.

It is by presenting clearly identified operational challenges that these issues can be addressed.

Protecting employee health

The Group's occupational health policy goes beyond simply complying with changes in legislation. The major components of the policy are risk mitigation and support for vulnerable employees or those who have become unfit for work.

Prevention of occupational hazards

Prevention begins with identification of the occupational hazards: violence at bank branches, musculoskeletal disorders, air conditioning and ventilation malfunctions. A cross-disciplinary team set up in 2006 pools the skills and knowledge of its members to prevent these risks and deal with pathologies arising from multiple factors. This approach to working conditions offers greater opportunity for prevention and fosters joint action.

In 2008, special attention was given to the quality and comfort of the office environment, in particular ventilation, air conditioning and lighting. For customer relations staff, the acoustic environment was improved by changing headsets and installing sound-deadening materials.

Medical assistance to employees that have been victims of attacks, in particular in the Paris region, is provided in conjunction with the city's emergency medical services. This initiative has been progressively improved in recent years, and its effects can be seen in the decrease in both the number and length of post-attack absences and the reduction in requests for transfer to another position subsequent to an attack. In 2008, 137 employees received medical assistance after an attack, and five of them were referred to specialists for psychological help.

Mitigation of other occupational hazards is addressed with appropriate measures such as information campaigns, training, design ergonomics, remedial ergonomics and alert procedures. In 2008, 9 plan studies, 119 premises visits and 14 studies were conducted on the ergonomics of work stations. The high degree of vigilance exercised jointly by the occupational health department, team managers, facilities management departments, the ergonomics unit and works committees has contributed to the very low rate of musculoskeletal problems reported in BNP Paribas SA.

More than 2,550 influenza vaccinations were administered. Informational and preventive public health campaigns were organised on healthful eating, organ donation and addiction prevention.

Public health issues

BNP Paribas SA's occupational health department has been working for many years to promote employee health. During the annual medical checkup, the physician provides personalised care in all areas of public health. Awareness campaigns, brochures and specific programmes are designed to address the major risks, including cardiovascular disease, cancer, obesity and tobacco.

Dealing with stress, anxiety and depression

Stress is the second most prevalent occupational pathology after musculoskeletal disorders. A special body to monitor it, OMSAD (Observatoire Médical du Stress, de l'Anxiété et de la Dépression), has been set up in collaboration with IFAS, the French institute for action on stress, in Paris and Lyons. At the beginning of each periodic medical visit, each employee can fill out a confidential, anonymous questionnaire that is immediately analysed and commented upon by an occupational medicine specialist for purposes of a personal diagnosis. The data are then compiled and processed by IFAS, an independent firm, which returns the results to BNP Paribas. The data are used to measure stress levels, pinpoint populations at risk and take appropriate preventive measures.

Several other public health initiatives were launched in 2008. At French Retail Banking, for example, a training module for learning how to manage rudeness in business encounters has been deployed. Role-playing games and sharing of experiences serve to identify mechanisms that lead to aggressiveness and teach techniques of handling tense situations and controlling emotions.

The cardiovascular disease prevention programme, PCV Métra, continues to screen for risk factors such as high cholesterol, hypertension, tobacco addiction and stress. Medical evaluations at Broussais Hospital of employees found to be at risk and screening for coronary impairments with a view to early treatment have resulted in 248 blood tests and 10 hospitalisations.

Each occupational health office is now equipped with a tonometer to screen for glaucoma.

635 people took part in the programme to help employees and their family members in the Paris region quit smoking through the Allen Carr method; 47% of those who responded to the satisfaction survey quit smoking in 2008. In other parts of France, 73 people participated in sessions held in Arras, Dijon, Orleans, Chartres and Marseille.

Taking advantage of the impact of the tenth national skin cancer prevention and screening day, organised on 15 May 2008 by France's national association of dermatologists, BNP Paribas provided screening for employees. 603 employees took part in 29 screening sessions. 60 of them were referred to a dermatologist for a biopsy, and 187 were recommended for annual checkups.

Surveillance of emerging health risks is conducted with Institut de Veille Sanitaire (WHO) to keep staff informed and provide recommendations.

A working group of human resources operating managers from all divisions and functional departments makes enterprise-wide preparations

for dealing with a pandemic. Sanitary and organisational plans for such an event provide for purchases of masks, listing recommended hygiene products, communicating on measures such as washing hands, and posting notices in washrooms.

Supporting fragilities and incapacities

As with prevention, redeployment of employees following several months of absence due to illness entails concerted efforts by the occupational health department, HR managers and functional management. Given the rapid pace of change within the Group, the reintegration process must factor in an adjustment to the new circumstances, so as to dispel employees' worries and allow them the time to get on their feet again.

In some cases, employees can meet with the occupational physician before resuming work, either because they request it or because their personal physician or the reviewing physician recommends it. In such instances the company doctor prepares the employee for his or her return, taking into consideration any after-effects or residual handicap he or she may be suffering.

Outside France, the entities are endeavouring to optimise occupational risk prevention and access to care for employees in conjunction with local health authorities. In Ukraine, employees of UkrSibbank who were exposed to radiation following the Chernobyl disaster qualify for benefit payments and additional leave, and their health is closely monitored as part of an initiative run by the Ukrainian authorities.

BNP Paribas is an active member of *Sida Entreprises*, a business-funded association focused on AIDS. The aim of this association of leading French investors in Africa is to help resolve ongoing issues of prevention and lack of access to treatments, problems that are still prevalent despite the financial aid provided to affected countries. BNP Paribas helps to set up inter-company platforms in most of the countries in West Africa where it is present, through its network of associated banks (BICI). BICI of Madagascar participated in the annual *Sida Entreprises* seminar held in 2008 in Antananarivo. This seminar brought together coordinators of company programmes to combat HIV AIDS.

In Senegal, *Banque Internationale pour le Commerce et l'Industrie* (BICIS) helped to organise the 15th international conference on AIDS and sexually transmitted diseases in Africa, which was held in Dakar in December 2008.

Maintaining a qualitative social dialogue

In 2008, the Commission on Employment Law, BNP Paribas SA's labour information and negotiation body, met on 37 occasions and negotiated the signature of nine company-wide agreements. Some of these agreements improve or continue employee benefit plans, while others strengthen employee representation on various bodies.

A wage agreement for 2009 signed by four of the five labour unions provides for an across-the-board pay increase, a rise in the flat-rate annual bonus paid to managerial employees, and consolidation of a portion of employees' variable pay into base pay.

An agreement on employment and inclusion of persons with disabilities was signed. This agreement is part of BNP Paribas' global non-discrimination and diversity initiative, and it follows up on commitments made when the Diversity Charter was signed in 2004. The agreement expresses all parties' desire to see BNP Paribas implement a proactive long-term policy in favour of employment and inclusion of persons with

disabilities. It calls for actions in four areas: develop a plan for hiring in an ordinary business setting; improve conditions for bringing persons with disabilities into jobs by offering appropriate working conditions, access to professional training and technological accommodations; seek out stronger partnerships with the protected workers sector; and pay ongoing attention to the various aspects of keeping such persons in work.

An agreement was also signed in the area of flexible insurance benefits, improving the previous agreement signed in 2000. Death benefits will be increased, employees on part-time for therapeutic reasons stemming from pre-existing conditions at the time they signed up for the flexible benefit contract will be covered in full, and administrative costs will be revised downwards.

The time savings account system, in particular the terms and procedures for "deposits" and "withdrawals", has been improved to reflect the reduction in working time (RTT). Employees now have the option of monetising the RTT rights they have saved.

The Group's two occupational health departments were merged in 2008. Having a single department will enable the Group to develop a groupwide occupational health policy for the benefit of all employees.

Continuing the agreement of 10 July 1996 that created the European Works Council, an amendment was signed in 2008. The amendment recognises the Group's expansion in Europe, in particular the integration of BNL, and facilitates the exercise of responsibilities by the Council and its members.

Deploying a global change management scheme

Global People Survey, a survey for moving forward

In 2008 the Group's executive management chose to deploy an annual Global People Survey in 10 languages on a sample of 25,000 employees in 78 countries. The purpose is not to conduct an opinion poll but to identify the drivers of employee commitment and to derive indications to guide actions and concrete projects at Group level, division level, by function, by business and by territory. Response rates to the survey have been very high, and employees are frequently adding comments and suggestions in their responses – further proof of their interest and their attachment to the company.

Pride in belonging to BNP Paribas, confidence in its leaders, a high level of commitment and adherence to its values and strategy are widely shared across the Group. The corporate culture is seen to be centred on customer service and capacity to innovate. But it is also characterised by a degree of compartmentalisation felt by employees, who regret a still-insufficient appreciation of diversity and a lack of horizontal dimension, both in the business and in their careers.

Besides this finding, the Global People Survey highlights the drivers of employees' commitment and the factors that affect their motivation, their lasting attachment to the Group and their desire to be part of its development. All but systematically throughout the Group, confidence in the employee's manager comes at the head of the list: leadership, listening, recognition of performance; along with social and environmental responsibility, ethics and respect for diversity. These results set out the challenges for the management and human resources of BNP Paribas.

Internal communication: 2008, a year under the sign of change

The Group's internal communication effort was able to adapt to the highly unusual circumstances of 2008. Several messages and leaflets were sent round to explain the corporate strategy and reassure employees during a period of turmoil.

A new intranet, Echo'Net, was introduced, with enhanced customisation of information according to the user's profile and with far more modern and interactive functionalities and content. This intranet is already available to the majority of employees, and expansion will continue in 2009.

Ambition, the Group's in-house magazine, changed its look in 2007. It now boasts a new, more attractive layout, new features, and is available in Russian. The new package was designed to better meet employees' needs by helping them to follow news of BNP Paribas and giving them a better understanding of its strategy.

Starlight, the in-house video journal, is devoted to BNP Paribas innovations. Each issue runs six minutes and is posted online monthly on the Group's intranet sites, in French, English and Italian. A survey was conducted in 2008 on how this journal is perceived by employees. 88% of respondents felt that *Starlight* offered a value-added news channel inside the Group. Several special issues were put out in 2008 to comment on how the Group was doing in terms of results during the crisis.

More than 8,000 employees are now signed up for *Flash Groupe*, the Group's weekly e-bulletin that comes in three languages and covers the highlights of the past seven days. This electronic news format has been a big success in territories outside France, inspiring some to start their own internal e-bulletins. More than fifteen territorial versions have been launched, in Portugal, Switzerland, Luxembourg, Tunisia, the Netherlands, Spain and other areas.

The spirit of innovation

A core issue

The growing impact of information technology, which accounts for 15% to 20% of banking groups' operating expenses, coupled with the high level of expertise in financial services and the importance that banking clients accord to new services, means that banking is one of the most innovative sectors of the economy.

Intense competition in a sector where patent protection is not available means the bar for what constitutes standard banking services is constantly being raised. As a result, ongoing innovation is required to create value-added products (*product innovation*) and to ensure cost-effective production of those that have become standard (*process innovation*).

Financial innovation is thus encouraged, and its benefits are passed on to customers, whether those benefits relate to risk hedging, investment yields, simpler access to transactions or lower unit transaction costs.

The Innovation and Innov@ction Awards

The annual Innovation Awards, introduced at the BNP Paribas Day events in 2006, recognise innovation in all its forms: *business innovation*, which results from initiatives taken by employee or teams whose job it is to innovate in their fields of activity; and *Innov@ction*, which comes from suggestions made by employees, individually or as a team and irrespective of their job duties, for improving products, services or processes and enhancing customer satisfaction. Since 2007, nine prize categories have been established, including one for *Sustainable Development*. Two prizes are awarded in each category, the prize for business innovation and the prize for *Innov@ction*. The first of the Innovation Day events organised in June 2008 was devoted entirely to corporate social responsibility as an important vector of innovation in BNP Paribas culture.

7.2 NRE Appendices – Social chapter

NRE indicators Year 2008	Scope for 2008
1. Remuneration and benefits paid to each corporate officer during the financial year	
See the section of the CSR Report under <i>Corporate governance – Remuneration</i> .	Group
2. Remuneration and benefits received from controlled companies during the financial year by each corporate officer within the meaning of Article L.233-13 of the French Commercial Code	
See the section of the CSR Report under <i>Corporate governance – Remuneration</i> .	Group
3. List of all directorships and positions held during the financial year in any company by each of the corporate officers	
See the section of the CSR Report under <i>Corporate officers, module 1</i>	Group
4. Total number of employees including employees on fixed-term contracts	
See section 7.1. of the CSR Report under <i>Human resource development – Growth in workforce</i> .	
Beginning in 2008, workforce numbers are measured in NPP, Net Permanent Paid, rather than FTE, Full-Time Equivalent, as was done previously. NPP figures are measured pro rata to working time. The NPP workforce measures count active employees and employees on paid absences who are on contracts (permanent or fixed-term) of six months or longer. Interns, apprentices, VIE volunteers, subcontractors and temporary staff are not counted.	
The number of permanent employees managed by the Group at 31 December 2008 was 173,188 NPP, up 10,501 NPP compared with 2007.	Group

NRE indicators Year 2008	Scope for 2008
<p>In France, the workforce managed by the Group was 64,217 NPP. For BNP Paribas SA, it was 38,128 NPP, including 92 employees on fixed-term contracts longer than six months.</p>	France
<p>The concept of cadre as used in a French work environment, loosely translated as "executive" or "manager", cannot be transposed as such to the worldwide environment. For information purposes only, the ratio of cadres (executive or managerial employees) to all employees of BNP Paribas SA was stable in 2008:</p> <p>35.7% in 2002 37.7% in 2003 39.7% in 2004 42.4% in 2005 44.6% in 2006 47.4% in 2007 47.4% in 2008</p>	SA Mainland
5. Number of new permanent and fixed-term contract employees	
<p>In the year to 31 December 2008, the total number of new hires worldwide was 26,158, of which 55% were women.</p>	Group
<p>The Group made 4,748 recruitments on fixed-term contracts in France in 2008.</p>	France
<p>For BNP Paribas SA in mainland France, the number of new hires was 2,204: 1,003 men (45.5%) and 1,201 women (54.5%).</p>	SA Mainland
<p>See the CSR Report under <i>Recruitment processes that meet the specific needs of each business line</i>.</p>	
6. Recruitment difficulties, if any	
<p>The attractiveness of the BNP Paribas Group as an employer remains very high, with 173,000 unsolicited job applications received in 2008.</p>	
<p>In 2008 new hires continued to be split almost evenly between young graduates (45%) and employees with some previous experience (55%).</p>	Group
<p>See the CSR Report under <i>Recruitment processes that meet the specific needs of each business line</i>.</p>	
7. Number of and reasons for dismissals	
<p>In 2008 the total number of employees dismissed by BNP Paribas SA in mainland France amounted to 384 FTE. This figure includes employees on work-study contracts and unpaid employees. Under the method used in 2007, the figure would be 277 FTE.</p>	
<p>The main reasons for dismissals remain professional incompetence and misdeeds.</p>	SA Mainland
8. Overtime hours	
<p>In 2008 BNP Paribas SA in mainland France paid 76,739 hours of overtime, equivalent to less than 0.1% of regular hours.</p>	SA Mainland
9. Temporary staff	
<p><i>Outside help:</i> The monthly average number of temporary staff was 253 NPP. The average contract length was 25 days.</p>	
<p>The agreements between BNP Paribas and temporary staffing agencies and service providers include very strict clauses on compliance with labour laws and prevention of selling at a loss, which is prohibited under French law.</p>	SA Mainland
10. If applicable, information relating to headcount adjustments, redeployment and career support advice	
<p>See the section of the CSR Report under <i>Quantitative and qualitative adaptation of the workforce</i>.</p>	SA Mainland
11. Working hours	
<p>Extensive possibilities for requesting part-time work arrangements are available to employees. A total of 11.1% of employees at BNP Paribas SA in mainland France have opted for part-time work arrangements.</p>	
<p>After one year of service, employees are eligible for a working time savings account in which leave days can be accumulated. Leave days saved in this account can be taken in various forms (personal convenience leaves, co-investment in training, financing a shift to part-time). Since 2008, days saved under the RTT, the French legislation that reduced the number of hours in the working week, can be monetised as pay. In 2008, 15,168 employees were using a time savings account.</p>	
<p>With the agreement of their manager, employees can also take 5 to 20 days of unpaid leave.</p>	SA Mainland
12. Working hours and days for full-time employees	
<p>In France, the average working week for a full-time employee is generally 35 hours. At BNP Paribas SA, the theoretical number of days worked per employee per year (on a fixed working hours basis) was 205 in 2008.</p>	SA Mainland
13. Working week for part-time employees	

NRE indicators Year 2008	Scope for 2008
Of the employees who have chosen to work part time, 93.4% are women. The most common arrangements are to work at 50%, 60%, or 80% of full time. 69% of part-time employees have opted to work at 80% of full time.	SA Mainland
14. Absenteeism and reasons for absenteeism	
In 2008 the absenteeism rate at BNP Paribas SA in mainland France was 9.0%. Maternity leave accounted for 1.7 percentage points of this rate. For 2008, this rate includes unpaid absences, such as long-term leave without pay and leave to start a business. Unpaid absences accounted for 3% of total absences. The 2007 absenteeism rate stated on the same basis was 8.9%.	
After maternity leave and business formation, the main cause of absenteeism continues to be illnesses that result in long-term absences.	
See the 2007 Social Audit.	SA Mainland
15. Remuneration	
The average monthly remuneration of BNP Paribas SA employees in mainland France was EUR 3,217 in 2008.	
<ul style="list-style-type: none"> ■ 95.4% of employees received variable pay in the form of a bonus (95.3% of women and 95.6% of men) ■ 41% were awarded an increase in base pay ■ 12.6% were promoted to a higher level 	
See the CSR Report under <i>Creating loyalty through competitive remuneration</i> .	SA Mainland
16. Changes in remuneration	
The annual wage bargaining round in 2008 for pay in 2009 led to an agreement signed by four of the five labour unions. The agreement has several components, all of which are in the direction of ongoing measures:	
<ul style="list-style-type: none"> ■ an across-the-board 1.6% wage increase, but with certain floor and ceiling provisions, ■ an increase in the flat-rate bonus, ■ consolidation of some variable pay into base pay, ■ improvement of the annual flat-rate bonus paid to managerial employees. 	
In addition, the agreement earmarks EUR 1 million to closing wage discrepancies between men and women.	SA Mainland
17. Payroll expenses	
The Group's payroll taxes for 2008 amounted to EUR 2,588 million.	Group
18. Application of the provisions of Title IV, Book IV of the French Labour Code (incentive and profit-sharing plans, employee savings plans)	
See the CSR Report under <i>Creating loyalty through competitive remuneration</i> .	
In 2008, profit-sharing and incentive amounts accruing to employees of BNP Paribas SA in respect of 2007 earnings reached a record high of more than EUR 232.5 million, or a minimum of EUR 4,696 and a maximum of EUR 12,800 per employee (on a full-time employee basis).	BNP Paribas SA
The geographic breakdown of staff outside France that took up the 2008 employee share issue is as follows:	
Europe: 58%	
Asia: 23%	
North America: 7%	
Latin America: 5%	
Africa: 5%	
Middle East: 2%	Group
19. Gender equality in the workplace	
See the CSR Report under <i>Promoting diversity in all its forms</i> .	
54.6% of BNP Paribas employees worldwide are women (based on physical NPP headcount).	Group
BNP Paribas SA's staff in mainland France is composed of 17,086 NPP men and 21,042 NPP women.	
The enterprise agreement of 9 April 2004 was amended in 2005 and 2006 and then replaced by the agreement of 30 July 2007. This agreement sets down the principles that should be followed in observing and developing equality of opportunity and treatment between men and women at all stages of professional life. The proportion of female executives continued to rise: 34.2% in 2001; 35.7% in 2002; 36.9% in 2003; 37.7% in 2004; 38.8% in 2005; 40.3% in 2006; 41.4% in 2007; 42.6% in 2008.	
The proportion of female employees receiving promotion developed as follows: 54.7% in 2002; 55.6% in 2003; 55.8% in 2004; 57.1% in 2005; 58.1% in 2006; 58% in 2007; 59% in 2008.	SA Mainland
In 2008, at BNP Paribas in France, 32% of appointments to administrator and senior management positions were women, compared with 28.5% in 2007.	Group in France

NRE indicators Year 2008

Scope for 2008

20. Employee relations and collective bargaining

See the CSR Report under *High quality employer-employee relations*

As in previous years, there was constructive dialogue with employee representatives within BNP Paribas SA in 2008. The Commission on Employment Law, BNP Paribas SA's labour negotiation body, met on 37 occasions, and 8 new agreements were signed with trade unions.

SA Mainland

21. Health and safety

See the CSR Report under *Protecting employee health*.

Over and above the initiatives discussed in the Report, other more specific actions were taken in 2008:

- *Medical assistance to employees who were victims of attacks*

In 2008, 117 employees received medical assistance after an attack. Five of them were referred to specialists for psychological help.

- *Training for medical staff and refresher courses for first-aid workers*

Increased throughput in refresher courses for first-aid workers: 108 employees were trained and 379 went through courses to refresh their skills.

- *Vaccinations*

Continued large-scale vaccination campaign with 2,550 flu shots administered.

- *Preventive clinical activities*

- Cardiovascular: 248 evaluations of cardiovascular health, ten of which required a day in hospital,
- Screening for glaucoma and diabetes,
- Ergonomics of work stations: 9 plan studies, 119 premises visits and 14 studies were conducted in 2008.

- 737 people participated in the blood donation drive.

- *Programme offered to help employees and their family members quit smoking (Allen Carr method) – 47% of the 635 people registered in Paris in 2007 became non-smokers in 2008.*

In 2008, 73 people took part in smoking cessation programmes held outside Paris (in Arras, Dijon, Chartres, Orleans and Marseilles).

- *Screening for skin cancers*

603 people were screened at the 29 sessions that were organised. 60 people were referred to a dermatologist for a biopsy, and 187 were recommended for annual screening.

SA Mainland

22. Training

See the CSR Report under *Developing the skills of employees and teams*

For BNP Paribas SA in mainland France, the numbers of employees enrolled in courses of study leading to a diploma were 304 for the Brevet Professionnel diploma in banking, 501 for the BTS diploma in banking and 260 for the Institut Technique de Banque diploma.

In 2008, 10,447 employees of BNP Paribas SA Métropole applied for training under the DIF (individual right to training), compared with 8,733 in 2007. 39.5% of eligible employees exercised their DIF right, putting the Bank above the average (30.6%) for companies subject to this provision.

SA Mainland

23. Employment and integration of persons with disabilities

See the CSR Report under *Promoting diversity*.

In 2008 the number of employees with disabilities at BNP Paribas in France was 754, compared with 730 in 2007. The number of beneficiary (handicap-equivalent) units (BU) was 986, compared with 1,014.9 in 2007. Subsequent to changes in legislation, 54 BU for severe handicap were not renewed in 2008.

An agreement on employment and inclusion of persons with disabilities was signed in 2008. This agreement is part of BNP Paribas' overall non-discrimination and diversity initiative, and it follows up on commitments made when the Diversity Charter was signed in 2004. This agreement expresses all parties' desire to see BNP Paribas implement a proactive long-term policy in favour of employment and inclusion of persons with disabilities. It calls for actions in four areas:

- develop a plan for hiring in an ordinary business setting,
- improve conditions for bringing persons with disabilities into jobs by offering appropriate working conditions, access to professional training and technological accommodations,
- seek out stronger partnerships with the protected worker sector,
- ongoing attention to the various aspects keeping persons with disabilities in employment.

The Group keeps an active list of organisations in the protected worker sector so that subcontractors of Group entities can be referred to and encouraged to call on such organisations.

France

NRE indicators Year 2008

Scope for 2008

24. Social and cultural activities

Social and cultural activities that are national in scope are managed by the Central Works Council. Local service activities are managed by local works councils. Services include children's summer camps and organised holidays for staff, contributions to meal expenses, family welfare, lending libraries for books, records, videos and other media, and discounts for theatres and cinemas. A sports and cultural association gives employees the opportunity to take part in a variety of team sports and cultural activities.

A breakdown of BNP Paribas SA's contributions to company cultural and social activities is provided in the company's Social Report.

The budget for such activities in 2008 amounted to EUR 93.22 million.

SA Mainland

25. Relations with the community, including associations to combat social exclusion, educational institutions, environmental and consumer associations, and local residents

See the CSR Report under *A partner in society*.

Over the years, BNP Paribas SA's local banking network in France has been involved in more than 1,300 formal or informal voluntary partnerships with various organisations. These relationships often take the form of offers of internships, apprenticeships or jobs to gain work experience. Many of these partnerships also serve to promote the sporting, cultural and artistic initiatives of young people, as well as local projects to help integrate them into the labour force, fight social exclusion and protect the environment.

Projet Banlieues: Through the *Projet Banlieues*, launched in December 2005, the BNP Paribas Foundation offers its support to ADIE (a non-profit association providing microcredit to the unemployed) to foster business development in disadvantaged neighbourhoods through several initiatives:

- job creation and business formation: in three years, this project has financed the opening of seven lending centres throughout France. 1,200 microcredit loans have been granted by these centres, enabling 850 new businesses to be formed.
- tutoring and coaching: in partnership with Afar, 1,200 school children have received help at six branches in disadvantaged neighbourhoods.
- support for community projects: the Foundation has provided help to 124 associations, including 41 in 2008. Ongoing initiatives relate to social inclusion via culture, education, training, as well as to sport, disabilities, and also recreation.

Initially scheduled for a term of three years, the partnership has been renewed until 2011.

Consumer associations: The Quality & Consumer Relations Department of the French Retail Banking division has set up partnerships with around ten consumer advocacy groups.

Mediation of banking disputes:

BNP Paribas is one of the first and only financial institutions to have committed since 2003 to follow the recommendations and opinions of the Mediator in any and all cases. In 2007, before it was required to do so, BNP Paribas extended mediation of banking disputes to all products and services marketed to individuals.

The Chatel Act made this obligatory for all financial institutions only beginning in 2008. Up until then, only disputes involving deposit accounts, sales with premiums and bundled sales were subject to mandatory mediation under the 2001 economic and financial reform legislation (Murcef Act of 12 December 2001).

Links with schools

- The Group's very active 'campus management' policy, with over one hundred events organised at schools in 2008, maintained a substantial flow of applicants for pre-recruitment (internships, VIE, work-study) from nearly 64,000 candidates.

Under partnership agreements or as part of specific projects, groups of BNP Paribas branch offices maintain very close relationships with the associations and schools in their catchment areas. These partnerships are often much more than purely commercial relationships, offering financial, technical or even organisational support of projects undertaken by the partnerships.

- BNP Paribas has awarded one million euros in grants to some one hundred institutions in underprivileged urban areas as payment of the apprenticeship tax. This amount was used to purchase, hire and maintain teaching and professional equipment and facilities.

SA Mainland

NRE Indicators Year 2008

Scope for 2008

26. Contribution to regional development and employment

The Group seeks to promote economic development in the territories where it is based by providing its clients with the financing to fuel their development. BNP Paribas plays a major role in financing entrepreneurs and new small businesses, which are the mainstay of the French economy. The latest barometer of corporate customer satisfaction measures perceived progress in the quality of follow-up and assistance provided by the business centres. Regional access to centres of expertise (Trade Centers; dealing rooms) is also very well received.

SA Mainland

BNP Paribas and the European Investment Bank (EIB) signed the first refinancing agreement for EUR 300 million in October 2008. The signing of the first EIB loan to SMEs by BNP Paribas took place at the laboratory premises of Prodene Klint, an innovative small business client of the Group and the first enterprise to benefit from this loan. The EIB SME loan terms are simple and flexible, and enable European banks to finance all kinds of investments and expenditures, for tangible and intangible assets and working capital, needed for development by companies of fewer than 250 employees. Providing financing of this kind is proof of the Group's determination to do its utmost to cushion the effects of financial shocks to the real economy throughout Europe.

Outside France, BNP Paribas also contributes to the financing and development the local economy through its local banking network. The Group takes steps to ensure that local employees are promoted to positions of responsibility. The number of expatriate posts is intentionally restricted.

Group

27. Outsourcing and the Bank's policy with subcontractors: steps to ensure that subcontractors comply with International Labour Organization (ILO) standards

Since 2002, the majority of contracts negotiated and signed by ITP's purchasing department include clauses that require compliance with fundamental International Labour Organization (ILO) standards or with principles of labour law in the country where the agreement is signed, when those principles are stricter than ILO standards. For those contracts not yet covered, CSR clauses are being introduced progressively.

To promote transparency, the purchasing department has set up a dedicated suppliers' portal on the Group's website, which makes specific reference to sustainable development and compliance with ILO standards. For more information, go to <http://fournisseur.bnpparibas.com/deven.htm>.

CRBF Regulation 97-02 clauses are always included in subcontracting agreements signed by ITP's purchasing department.

Going against the grain of the widespread trend toward outsourcing of information technology functions, BNP Paribas has opted for a novel solution by forming a joint venture with IBM France to operate the Group's IT systems. This strategic alliance answers the call for controlling and reducing IT costs while preserving a centre of excellence with leading-edge technology in France. Thanks to this original partnership, BNP Paribas was able to stay in command of its technological capabilities while still ensuring a painless transition for the employees involved, since all were able to retain the individual and collective benefits associated with their previous status.

Group

28. Steps taken by the Bank to ensure that subsidiaries comply with ILO standards

The purchasing department performs, gathers and audits all the major outsourcing agreements entered into locally by Group entities worldwide. Based on the 2006-2007 audit, recommendations were made to the entities regarding necessary updates.

Group Compliance sent a notice to all Group entities reminding them of the rules that apply to subcontracting and the clauses that must be part of subcontracting agreements. The subsidiaries and entities are responsible for seeing to it that these directives are followed properly.

In addition to the management controls required by the Group's internal control system, internal audit and inspection teams are also responsible for ensuring compliance with these directives. In 2008 the Group's CSR audit methodology was overhauled: the reference documents and methodology guides were updated to take more systematic account of the problems and issues that Group entities encounter in France and other operating territories.

An ethics alert mechanism enables all employees to report any compliance risks they may come up against.

Group

29. Steps taken by foreign subsidiaries to address the impact of their business on regional development and local communities

All Group subsidiaries are part of a business line and must contribute to fulfilling its strategy, implementing its policies and exercising its social responsibility.

The levels of remuneration which BNP Paribas provides to its employees, particularly in emerging countries, and benefits such as health insurance and death/disability coverage, help raise the standard of living in the employees' families and communities.

The Group makes only limited use of expatriate staff, giving local staff the opportunity to take up managerial functions and other positions of responsibility.

Group

7.3 NRE Appendices – Environmental chapter

NRE indicators - Environmental - Year 2008	Scope for 2008
1. Water consumption	
The data gathered on water consumption in 2008 represented 41% of the staff concerned in mainland France. On this sample population, water consumption per NPP employee (see the definition of NPP in section 4 of the NRE Social appendix) was 17 cu.m.	France: IC Ile de France + branches
In other countries, water consumption statistics are compiled for less than 50% of the Group outside France. As examples, though, water consumption was 16 cu.m per NPP in Spain, 31 cu.m per NPP in the United States, and 42 cu.m per NPP in Italy and Morocco.	International: data from 10 countries
2. Raw material consumption	
For a financial services group, paper is the main raw material consumed.	
Overall paper consumption in France, including paper rolls used at printing centres, envelopes and paper purchased by printers for BNP Paribas print jobs amounts to 9,580 tonnes. On this basis, paper consumption per employee comes to 157 kg per NPP.	France: IC + Subsidiaries + French Retail Banking network
In other countries, the waste paper collection process is being expanded and has become more reliable. For example, consumption per NPP is 145 kg in Italy, 101 kg in the United Kingdom and 70 kg in Turkey.	International: Italy, United Kingdom, Turkey
<p>In France, across the entire branch network, measures to reduce paper consumption have been taken, such as:</p> <ul style="list-style-type: none"> ■ optimising printing: decreasing the number of pages, eliminating the printing of multiple standard copies, printing on both sides of the page; ■ expanding telemarketing and use of the internet in place of hardcopy mailings; ■ lengthening statement periods for certain printed statements; ■ offering a number of notices and statements in electronic form; ■ eliminating unneeded paper documents. 	France: French Retail Banking network
A project to optimise and pool printing activities was begun in 2008. Optimisation of printing activity is organised by groups of projects that involve employees from different Group entities.	
In France, consumption of products labelled as environmentally friendly in the catalogue of listed suppliers accounts for about 22% of the Group's purchases of office supplies.	France
3. Energy consumption	
The Group's electricity consumption in France, excluding power from renewable energy sources, is 306 GWh, representing average consumption of 173 kWh per square metre.	France
A calculated average consumption figure for the Group's sites in the rest of the world is not relevant owing to the disparity of the situations, especially between northern and southern countries.	International: 21 countries
4. Measures taken to improve energy efficiency	
See the CSR Report under <i>Impact on the natural environment</i>	
With the ITP organisation, which brings together the management of facilities, purchasing and information systems, the Group defines and implements a coordinated general environmental management policy.	France
In connection with ISO 14001 certification of the 1,350 branches in France fitting the Accueil et Service concept, an environmental analysis identified energy consumption as a significant environmental impact. A target of a 15% reduction in the branches' energy consumption was set for 2011. Two approaches have been defined to meet this objective. The first is to improve the installed equipment and control settings based on studies of the technical specifications recommended at the time of installation: optimise lighting; replace electrically heated air curtains with curtains of warm air supplied by the heat pump; standardise power ratings of air conditioning installations based on geographic location; analyse life cycles of building façade signage; manage exterior illumination of branch fronts by time of day, turning it off at night. The second approach is to go after energy efficiency at the branches, that is, to automate control of lighting, heating and air conditioning systems as a function of ambient temperatures inside and out.	France: 1,350 branches of the French Retail Banking network
At branch offices in France, energy management systems have been implemented across the entire network in a two-phase process. The first phase is mapping energy use at the site: assessing the state of the property, gathering historical consumption data and other property information. The second phase is performing a diagnostic examination of energy performance and an energy monitoring audit on the recommended actions. In 2008 a number of specialist firms in energy management were consulted and tested.	France: buildings in Ile de France

NRE indicators - Environmental - Year 2008	Scope for 2008
<p>The parking facility of a shopping centre in Nantes renovated by Klépierre is now equipped with a photovoltaic solar power system. It produces power equivalent to the annual electricity consumption of 80 households. The shopping centre itself is equipped with about a hundred glass cones on the roof to admit more natural light and limit the need for artificial lighting.</p>	France: Nantes
<p>The NightWatchMan Program, introduced three years ago in London, enables an IT department to power up and power down work stations at a remote site at chosen times. Work stations are shut down in the evening after daily updates and turned back on in the morning before employees arrive. The objective is threefold: economise on energy, become more environment-friendly, and cut costs unobtrusively. This programme is currently being deployed in other territories such as Singapore, Brussels, Milan and Tokyo and in other BNP Paribas subsidiaries.</p>	International: United Kingdom, Japan, Singapore, Italy, Belgium
5. Use of renewable energy sources	
<p>A portion of the Group's electricity in France is supplied by an operator who is contractually obliged to provide 15% of it from renewable energy sources.</p>	France
<p>Internationally, some subsidiaries have taken the initiative locally to buy green power. For example, 20% of the electricity bought by Bank of the West in the United States is from renewable sources.</p>	
<p>The first bank branch with self-sufficient photovoltaic solar power went into service in Rome in 2008.</p>	
<p>Data on actual Group purchases of electricity in France, the United Kingdom and Italy has made it possible to analyse the market and the possibilities for expanding the use of renewable energy. Owing to the heterogeneity of power sources marketed as "green energy" and the current higher costs, the Group is not setting a global target for green power consumption at this time. The priority today is to reduce electricity consumption with an immediate impact on the environment.</p>	International: United States, Italy, United Kingdom
6. Land use	
<p>For each project, BNP Paribas Immobilier engages a specialised consulting firm to conduct a diagnostic review of the extent of soil contamination. A soil identification programme is defined, contamination studies are performed using tests and analyses, and a soil report is drawn up. BNP Paribas Immobilier relies on the diagnosis to carry out any clear of pollution work required to ensure that the soil meets all applicable regulatory standards.</p>	
<p>In addition to these initiatives, the Group applies environmental housing certification provisions to numerous BNP Paribas Immobilier programmes. These entail containing pollution-related problems with a view to meeting the objectives required in terms of health, ecological balance and comfort of use.</p>	
<p>BNP Paribas Real Estate Property Management, a subsidiary of BNP Paribas Immobilier, has issued an international charter, Ecoproperty Management®, with the objective of helping to combat global warming by reducing CO2 emissions from buildings over the course of their service lives. Solutions are offered for existing buildings where consumption cannot be optimised by design. The Grands Moulins de Pantin renovation project has won HQE certification of its planning phase; it is one of the very first renovations to be so certified. The 30,000 sq.m. Haussmann-style building on rue Bergère in Paris has also received certification for its development and design phases. These two buildings are to be used by BNP Paribas.</p>	
<p>Klépierre systematically assesses its environmental impact when building new shopping centres. This subsidiary has installed equipment such as distributed water meters in its shopping centres in order to improve management of water, energy and fluid consumption.</p>	France

NRE indicators - Environmental - Year 2008 **Scope for 2008**

7. Emissions into air, water and soil

Effluents into water and soil are not taken into account as they are not significant.

Ongoing indicators have been put in place to enable the Group to calculate its CO₂ emissions for the year 2008.

The available data do not permit this survey to be performed on the full scope of consolidation, but it has been extended to several sizeable territories outside France.

The data collected relate to electricity consumption, work-related travel by car, train and air, and in France, commuting between home and office. These data can be used to estimate emissions of CO₂ equivalent, per employee:

- France: 2.59 tonnes of CO₂ equiv. per NPP
- Norway: 3.43 tonnes of CO₂ equiv. per NPP
- Italy: 4.58 tonnes of CO₂ equiv. per NPP
- United States: 5.72 tonnes of CO₂ equiv. per NPP
- Great Britain: 5.91 tonnes of CO₂ equiv. per NPP

The methods of calculation chosen take into account emissions generated by the production, transmission and consumption of energy. For electricity, the primary energy source used by the producer is taken into account. For air travel, the factors considered are fuel consumption, average load factors, the distinction between short-, medium- and long-haul flights, and which class in the passenger cabin was occupied. For travel by car, the methodology assesses emissions based on miles travelled, rated horsepower of the vehicle and type of fuel.

For France, commuter trips were estimated using three concentric circles, one for employees living in the city, a second for those living in near suburbs or just outside a provincial city, and a third for those living in an outer ring of suburbs or a rural area. Emissions generated by these trips were then estimated based on the type of transport used. The statistical margins of error of these estimates, not reflecting errors attributable to imperfect reliability or completeness of the data, are as follows:

- Electricity: 10%
- Travel by vehicle in km: 10%
- Travel from home to work: 20%
- Travel by air: 20%

France, United Kingdom, United States, Italy and Norway

8. Noise and odour pollution

No complaints relating to noise or odour issues were filed against the Group in 2008.

BNP Paribas Immobilier always studies the environmental impact of its projects from the standpoint of noise and odours and engages in dialogue with occupants of the surrounding area.

Where technical equipment can be a source of noise pollution, the company selects models offering the best available acoustic performance. Specific testing is carried out following construction and, if required, additional measures are taken to comply with applicable noise regulations. The location of air intake and discharge vents is designed with regard to neighbouring buildings and dominant wind patterns. The construction methods and equipment used, as well as the management of construction waste, are specified so as to minimise the impact of construction work on the immediate environment.

Group

9. Waste processing

In France, the system for collecting used toner and ink cartridges in association with Conibi, the industrial association of toner cartridge producers, is still in place. The quantity of cartridges collected rose in 2008 to 95,408.

France

Data collection outside France has increased in scope and become more reliable, but it remains below 50%. However, the collection rate on recycling of used toner and ink cartridges is 100% at some entities in the United States and the United Kingdom and 95% in Ukraine.

International

In France, collection of paper and paperboard for recycling is also on the increase. In 2008, 98% of waste paper and paperboard collected was sent for recycling.

At offices in the Greater Paris area, the Corbeille Bleue company collects and sorts the office waste bins; paper waste is used for district heating or recycled to make packaging cartons and paper pulp.

Most of the Group's Paris head office buildings are now equipped with dual bins, for paper and all other waste, and a clause requiring separate collection has been included in cleaning company contracts.

France: IC Ile de France

In other countries, waste paper collection is not yet being measured on a significant scope.

The aluminium sockets and the glass from fluorescent light bulbs used in most offices are recycled and the gas is reprocessed.

International

In France, collection of Waste Electrical and Electronic Equipment (WEEE) at BNP Paribas SA is done in a way that provides measurements of these flows.

As part of the Greening IT programme, the Centre for Innovation and Technology (CIT) finalised the Second Life PC project in October 2008. This project is recycling more than 200 computers, complete with Windows XP licences, Microsoft Office software, and new keyboards and mice, by providing them to non-profit associations such as Emmaus, Restos du Coeur, Secours Catholique and ADIE.

The Asset Management and Services division has its used computers reconditioned by an association called Ateliers San Frontières. Reconditioned computers of the division's entities in France are returned to it. Computers in working condition are sent to Romania or to countries in North Africa to meet local equipment needs.

France

NRE indicators - Environmental - Year 2008

Scope for 2008

10. Measures taken to avoid damaging the biological balance

As part of its CO₂ survey, the Group identifies processes that could harm the environment – for example the use of refrigerants at its Paris head office buildings – in order to reduce their use.

Means for detecting the presence of asbestos in buildings are implemented as part of the asbestos action plan. Diagnostic reviews of materials are carried out before launching any renovation work in France. These reviews complement the technical recommendations drawn up previously and distributed to BNP Paribas sites. Air quality and water quality are measured on a regular basis.

In France, a survey to identify sites that could be equipped with photovoltaic panels or solar hot water heaters is in progress.

Two innovative air conditioning systems have been installed: an adiabatic air-cooled chiller, which combines the closed-tower technique down to 27° C with misting in humidification spaces thereafter, has been installed in Levallois, and a magnetic-lift centrifugal chiller has been installed in the Rue Bergère building in Paris.

France

11. Measures taken to ensure compliance with legal requirements

BNP Paribas continuously strives to meet the highest standards of ethical behaviour, compliance, risk management and internal control. Within a changing banking environment characterised by increasing regulatory requirements, the global Group Compliance (CG) function, whose director reports directly to the Chief Executive Officer, has broad powers throughout the Group. Group Compliance distributes Group-level directives regarding permanent control and monitors the development of the mechanism in the Group's entities.

Guidelines have been drawn up to ensure that buildings are managed in accordance with technical regulations applicable in France.

Outside France, guidelines are drafted based on the most stringent regulations of countries in which BNP Paribas operates. These guidelines apply at all international sites. Before a company acquisition is made, a property audit of all new head office buildings is conducted.

Group Legal Affairs monitors changes in environmental laws and regulations. Clauses covering the corporate and environmental responsibility of suppliers are systematically included in service agreements.

In 2008 the Group's CSR audit methodology was overhauled: the reference documents and methodology guides were updated to take more systematic account of the problems and issues that Group entities encounter in France and other operating territories.

In 2008 the Group's Environmental and Social Responsibility organisation was put under the authority of a member of the Executive Committee, the Group's Managing Director in charge of Compliance and Internal Control Coordination.

Group

12. Steps taken towards environmental evaluation and certification

BNP Paribas is present in the leading SRI benchmark indices: DJSI World, DJSI Stoxx, Aspi Eurozone, FTSE4Good Global 100 Index, FTSE4Good Europe 50 Index and FTSE4Good Environmental Leaders Europe 40.

Although the Group's inclusion in these indices represents neither an evaluation nor a certification, it nevertheless provides a positive indication of BNP Paribas' compliance with the requirements for corporate social and environmental responsibility.

As in previous years, the extra-financial part of the CSR has been reviewed by an external auditor with regard to the most significant themes and disclosures.

The retail banking network in France obtained ISO 14001 environmental certification for the Accueil et Services branch model. This is the first time that a network of banking branches in France has received such recognition for environmental excellence.

At BNP Paribas Immobilier Promotion Immobilier d'Entreprise in France, five projects in the programme phase and four projects in the design phase have received the High Environmental Quality label (HQE) issued by CERTIVEA and certified by AFNOR.

The HQE-certified Mermoz programme has also received certification under the Building Research Establishment Environmental Assessment Method Ltd. (BREEAM) in the United Kingdom.

At the time of the first Salon du Bâtiment Performant efficient ecobuilding trade show, BNP Paribas Immobilier Promotion Immobilier d'Entreprise received the Constructeo 1st prize trophy in the renovation category, awarded for office building performance.

Group and France

NRE indicators - Environmental - Year 2008

Scope for 2008

13. Expenditures incurred to prevent environmental consequences of business activity

The Group's operations, which involve banking and financial services, have limited direct consequences on the environment. The Group has since 2004 focused on ten principles for fulfilling its environmental responsibilities and taking preventive action. The cost of these cross-functional measures has not yet been specifically calculated.

Criteria for purchasing or leasing a building include its proximity to existing sites and to public transport.

To cut costs and improve efficiency, BNP Paribas is expanding its use of videoconferencing systems. Videoconferencing should be considered prior to making any trips. Videoconferencing equipment is being installed at the Group's main sites. Public transport is recommended for employees, and rail travel is favoured over air travel. Some Group entities have implemented a system of supplementary financial participation for employees who take public transport.

Group

The following measures apply to the fleet of 4,200 company vehicles managed by the Group in France: systematic choice of vehicles with good ratings in terms of CO₂ emissions; 95% of fleet vehicles equipped with diesel engines; almost all fleet vehicles classed in segments 1 or 2, with CO₂ emissions between 110 and 130 g/km; no petrol engines in segments 1 and 2; fleet management optimised by vehicle pooling and onboard GPS equipment to reduce overall energy consumption. Beginning in 2008, the automobile fleet manager offers hybrid petrol/electric vehicles with CO₂ emissions of 104 g/km or less.

France

14. Internal department for environmental management

The ITP organisation, formed in 2007, is in charge of assessing the Group's environmental impacts and taking steps to reduce them. This function is responsible for providing the entities throughout BNP Paribas with procedural, IT, property, purchasing, security and individual support services to help to improve the Group's operational efficiency. Following adoption of the Equator Principles in 2008, a dedicated team has been formed within CIB to write and distribute specific procedures for all covered transactions and provide training of project finance teams.

Group

15. Environmental training and information programmes for employees

All the Group's internal communications channels – its website, the Ambitions in-house newsletter, the monthly Sustainable development newsletter, as well as conventions and other company events – are used to promote social and environmental responsibility.

In December 2008 the Group launched the blog www.forachangingworld.com for exchanges between all stakeholders, including employees, regarding the Group's commitments to public interest causes.

In 2008 several communication activities were conducted to inform, to develop awareness and to train employees. Examples include:

- Arval offers environmentally conscious driving training to employees in France and abroad who want it.
- Klépierre's Scandinavian subsidiary, Steen & Strom, established the CR Academy to train its employees in sustainable development. This virtual academy is an e-learning platform that offers three modules, one on each dimension of sustainable development: environmental, social and economic. 94% of the employees of the Klépierre group in Norway, Sweden and Denmark have participated in one of these modules.
- The Centre for Innovation and Technology launched an exchange platform to spread best practices in green technology in France and abroad. This forum, opened in November 2008, is helping to make BNP Paribas' IT systems more environment-friendly.
- In 2008 the Group launched a carpooling website for the nearly 33,000 employees in the Paris region. Within days after the launch, more than 1,000 people had signed up.
- In May 2008 BNP Paribas Canada participated in the Climate Challenge campaign to raise companies' awareness on climate change. A majority of employees in Montréal and Toronto mobilised for this event.

Group

16. Resources devoted to the reduction of environmental risks

BNP Paribas has a Carbon Finance team dedicated to researching and promoting market solutions for corporate clients wishing to fulfil their obligations to reduce greenhouse gas emissions in accordance with the Kyoto protocol and European Directives on CO₂ emission quotas. As a financial institution, BNP Paribas plays a role in facilitating the operation of markets of this kind and fostering their development.

BNP Paribas is a member of the French association Entreprises pour l'Environnement (EpE – companies for the environment) and participates in its working groups.

The Group entered into two new agreements to purchase Certified Emission Reductions (CERs), expanding its platform of international markets in the environmental domain. The Group funds two projects, in Mexico and India, within the scope of the Clean Development Mechanism (CDM). These investments are in addition to BNP Paribas' current CER portfolio.

BNP Paribas' Innovation and Technology Centre (CIT) within ITP has launched a Greening IT programme to limit the CO₂ emissions of its IT facilities. CIT carries out assessment and design projects that take into account technological advances such as the use of renewable energy sources.

BNP Paribas retains its leading position in the European market for trading greenhouse gas emission quotas, having increased its market share in 2008.

Group

NRE indicators - Environmental - Year 2008	Scope for 2008
<p>17. Structure to deal with pollution incidents extending beyond the company</p> <p>Any crisis situation is managed by an ad hoc committee composed of the Group's top executives. This committee takes the measures it deems most appropriate and informs the operating entities concerned. If the scale of the crisis warrants, information may be passed on to the entire Group, and there may be a call for solidarity. As part of the process of validating the operational risk model in 2008, in-depth work was done to define and strengthen the Business Continuity Plan, in particular in the event of pollution or accident.</p>	Group
<p>18. Amount of provisions and guarantees covering environmental risks</p> <p>USD 3.4 million. The provision is for private litigation and is not intended to cover any penalties for non-compliance with regulations.</p>	Group
<p>19. Amount of compensation paid following legal decisions relating to the environment</p> <p>The Group has not had any court rulings on environmental matters.</p>	Group
<p>20. Environmental objectives set for foreign subsidiaries</p> <p>BNP Paribas' guiding principles, notably the Global Compact and the ten principles in the Group's environmental responsibility charter, apply to all employees regardless of the business entity or country in which they are employed. The businesses are responsible for implementing the Group's guiding principles throughout their reporting organisations, including subsidiaries, in all territories.</p> <p>The General Inspection and Sustainable Development units have designed an audit methodology for corporate social and environmental responsibility to measure the Group's compliance with its environmental guidelines. In 2008 this methodology was completely overhauled: the reference documents and methodology guides were updated to take more systematic account of the problems and issues that Group entities encounter in France and other operating territories. The auditors have full access to information and can perform any type of audit with complete independence in any of the consolidated subsidiaries. Audit findings and results of inspection assignments are presented in an annual report sent to the Commission Bancaire in accordance with its requirements.</p>	Group

8

GENERAL INFORMATION

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8.1 Documents on display

This document is available on the BNP Paribas website at www.invest.bnpparibas.com or on the *Autorité des Marchés Financiers* (AMF) website at www.amf-france.org.

Any person wishing to receive additional information concerning the BNP Paribas Group, can request documents, without commitment, as follows:

- By mail: BNP Paribas – Group Finance and Development
Group Investor Relations and Financial Communications
3 rue d'Antin, CAA01B1
75002 Paris

- By telephone: +33 (0)1 40 14 63 58

The regulated information is available on the website in French at www.invest.bnpparibas.com/fr/information-reglementee.

8.2 Material contracts

To date, BNP Paribas has not entered into any major contract – other than those signed in the normal course of business – which creates an obligation or commitment for the entire Group which, if it were not fulfilled, would entail nullity of the contract.

8.3 Dependence on external parties

In April 2004, BNP Paribas and several of its subsidiaries began outsourcing data processing operations to the "BNP Paribas Partners for Innovation" (BP2I) joint venture set up with IBM at the end of 2003. In late 2008, BP2I also began handling data processing for the BNL subsidiary.

BNP Paribas exercises significant influence over BP2I, which is owned on a 50/50 basis with IBM. BP2I is staffed essentially with BNP Paribas employees and its offices and data processing centres are owned by the

Group. Its corporate governance system provides BNP Paribas with a contractual right of oversight and the Group can take back responsibility for data processing operations if necessary.

BancWest's data processing operations are outsourced to Fidelity Information Services. Cofinoga France's data processing is handled by SDDC, which is wholly-owned by IBM.

8.4 Significant changes

There have been no significant changes in the Group's financial or business situation between 18 February 2008, the date on which the Board of Directors approved the full-year 2008 financial statements, and the date on which this Registration Document was filed with the AMF.

8.5 Investments

The following investments (since 1 January 2006), individually valued at over EUR 500 million, are considered material at the level of the Group:

Country	Announced on	Transaction	Amount of the transaction	Comments
Norway	28 July 2008	Joint acquisition of Steen & Strøm, a Norwegian real estate company, with ABP, a Dutch pension fund. Klépierre's stake: 56.1%	€628 m (for Klépierre's stake)	Majority ownership with ABP as the minority shareholder.
Italy	3 February 2006	Acquisition of BNL	€9.0 bn	Acquisition of a 50.4% controlling interest, followed by acquisitions of minority interests. 98.96%-owned at 31 December 2006. Merger with BNP Paribas SA on 1 October 2007

The financing for the BNL acquisition is described in Note 8.c to the financial statements (Business combinations). The other investments were financed through the Group's standard and recurring financing mechanisms.

See Section 3.6, "Recent events related to ongoing investments."

8.6 Founding documents and articles of association

BNP Paribas' articles of association are available on the Group's website, www.invest.bnpparibas.com, and can be obtained from the address given in Section 8.1.

SECTION I

FORM – NAME – REGISTERED OFFICE – CORPORATE PURPOSE

Article 1

BNP PARIBAS is a French Public Limited Company (*société anonyme*) licensed to conduct banking operations under the French monetary and financial code, Book V, Section 1 (*Code Monétaire et Financier, Livre V, Titre 1er*).

The Company was founded pursuant to a decree dated 26 May 1966. Its legal life has been extended to 99 years from 17 September 1993.

Apart from the specific rules relating to its status as an establishment in the banking sector (Book V, Section 1 of the French monetary and financial code – *Code Monétaire et Financier, Livre V, Titre 1er*), BNP PARIBAS shall be governed by the provisions of the French commercial code (*Code de Commerce*) concerning commercial companies, as well as by these articles of association.

Article 2

The registered office of BNP PARIBAS shall be located at 16, Boulevard des Italiens, 75009 Paris, France.

Below are the full articles of association as of 23 January 2009.

Article 3

The purpose of BNP PARIBAS shall be to provide and conduct the following services with any individual or legal entity, in France and abroad, subject to compliance with the French laws and regulations applicable to credit institutions licensed by the Credit Institutions and Investment Firms Committee (*Comité des Établissements de Crédit et des Entreprises d'Investissement*):

- – any and all investment services;
- – any and all services related to investment services;
- – any and all banking transactions;
- – any and all services related to banking transactions;
- – any and all equity investments;

as defined in the French monetary and financial code Book III – Section 1 (*Code Monétaire et Financier, Livre III, Titre 1er*) governing banking transactions and Section II (*Titre II*) governing investment services and related services.

On a regular basis, BNP PARIBAS may also conduct any and all other activities and any and all transactions in addition to those listed above, in particular any and all arbitrage, brokerage and commission transactions, subject to compliance with the regulations applicable to banks.

In general, BNP PARIBAS may, on its own behalf, and on behalf of third parties or jointly therewith, perform any and all financial, commercial, industrial or agricultural, personal property or real estate transactions directly or indirectly related to the activities set out above or which further the accomplishment thereof.

SECTION II

SHARE CAPITAL - SHARE

Article 4

The share capital of BNP PARIBAS shall stand at EUR 1,824,192,214 divided into 912,096,107 fully paid-up shares with a par value of EUR 2.

Article 5

The fully paid-up shares shall be held in registered or bearer form at the choice of their holders, subject to compliance with French legal and regulatory provisions in force.

Shares in the Company shall be registered in an account in accordance with the terms and conditions set out in the applicable French laws and regulations in force. They shall be delivered by transfer from one account to another.

The Company may request disclosure of information concerning the ownership of its shares in accordance with the provisions of article L.228-2 of the French commercial code (*Code de Commerce*).

Without prejudice to the legal thresholds set in article L.233-7, paragraph 1 of the French commercial code (*Code de Commerce*), any shareholder, whether acting alone or in concert, who comes to directly or indirectly hold at least 0.5% of the share capital or voting rights of BNP PARIBAS, or any multiple of that percentage less than 5%, shall be required to notify BNP PARIBAS by registered letter with return receipt within the timeframe set out in article L.233-7 of the French commercial code (*Code de Commerce*).

Above 5%, the duty of disclosure provided for in the previous paragraph shall apply to 1% increments of the share capital or voting rights.

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

Failure to report either legal or statutory thresholds shall result in loss of voting rights as provided for by article L.233-14 of the French commercial code (*Code de Commerce*) at the request of one or more shareholders jointly holding at least 2% of the Company's share capital or voting rights.

Article 6

Each share shall grant a right to a part of ownership of the Company's assets and any liquidation surplus that is equal to the proportion of share capital that it represents.

In cases where it is necessary to hold several shares in order to exercise certain rights, and in particular where shares are exchanged, combined or allocated, or following an increase or reduction in share capital, regardless of the terms and conditions thereof, or subsequent to a merger or any other transaction, it shall be the responsibility of those shareholders owning less than the number of shares required to exercise those rights to combine their shares or, if necessary, to purchase or sell the number of shares or voting rights leading to ownership of the required percentage of shares.

SECTION III

GOVERNANCE

Article 7

The Company shall be governed by a Board of directors composed of:

1/ Directors appointed by the ordinary general Shareholders' meeting

There shall be at least nine and no more than eighteen directors. Directors elected by the employees shall not be included when calculating the minimum and maximum number of directors.

They shall be appointed for a three-year term.

When a director is appointed to replace another director, in accordance with applicable French laws and regulations in force, the new director's term of office shall be limited to the remainder of the predecessor's term.

A director's term of office shall terminate at the close of the ordinary general Shareholders' meeting called to deliberate on the financial statements for the previous financial year and held in the year during which the director's term of office expires.

Directors may be re-appointed, subject to the provisions of French law, in particular with regard to their age.

Each director, including directors elected by employees, must own at least 10 Company shares.

2/ Directors elected by BNP PARIBAS SA employees

The status of these directors and the related election procedures shall be governed by articles L.225-27 to L.225-34 of the French commercial code (*Code de Commerce*) as well as by the provisions of these articles of association.

There shall be two such directors – one representing executive staff and one representing non-executive staff.

They shall be elected by BNP PARIBAS SA employees.

They shall be elected for a three-year term.

Elections shall be organised by the Executive Management. The timetable and terms and conditions for elections shall be drawn up by the Executive Management in agreement with the national trade union representatives within the Company such that the second round of elections shall be held no later than fifteen days before the end of the term of office of the outgoing directors.

Each candidate shall be elected on a majority basis after two rounds held in each of the electoral colleges.

Each application submitted during the first round of elections shall include both the candidate's name and the name of a replacement if any.

Applications may not be amended during the second round of elections.

The candidates shall belong to the electoral college where they present for election.

Applications other than those presented by a trade union representative within the Company must be submitted together with a document featuring the names and signatures of one hundred electors belonging to the electoral college where the candidate is presenting for election.

Article 8

The Chairman of the Board of directors shall be appointed from among the members of the Board of directors.

At the proposal of the Chairman, the Board of directors may appoint one or more Vice-Chairmen.

Article 9

The Board of directors shall meet as often as necessary for the best interests of the Company. Board meetings shall be called by the Chairman. Where requested by at least one-third of the directors, the Chairman may call a Board meeting with respect to a specified agenda, even if the last Board meeting was held less than two months previously. The Chief Executive Officer may also request that the Chairman call a Board meeting to discuss a specified agenda.

Board meetings shall be held either at the Company's registered office or at any other location specified in the notice of meeting.

Notices of meetings may be served by any means, including verbally.

The Board of directors may meet and hold valid proceedings at any time, even if no notice of meeting has been served, provided all its members are present or represented.

Article 10

Board meetings shall be chaired by the Chairman, by a director recommended by the Chairman for the purpose or, failing this, by the oldest director present.

Any director may attend a Board meeting and take part in its deliberations by videoconference or any other telecommunication and remote transmission means, including internet, subject to compliance with the conditions set out in applicable legislation at the time of its use.

Any director who is unable to attend a Board meeting may ask to be represented by a fellow director, by granting a written proxy, valid for only one specific meeting of the Board. Each director may represent only one other director.

At least half of the Board members must be present for decisions taken at Board meetings to be valid.

Should one or both of the positions of member of the Board elected by employees remain vacant, for whatever reason, without the possibility of a replacement as provided for in article L.225-34 of the French commercial code (*Code de Commerce*), the Board of directors shall be validly composed of the members elected by the Shareholders' meeting and may validly meet and vote.

Members of the Company's Executive Management may, at the request of the Chairman, attend Board meetings in an advisory capacity.

A full member of the Company's Central Works Committee, appointed by said Committee, shall attend Board meetings in an advisory capacity, subject to compliance with the provisions of French legislation in force.

Decisions shall be taken by a majority of directors present or represented. In the event of a split decision, the Chairman of the meeting shall have the casting vote, except as regards the proposed appointment of the Chairman of the Board of directors.

The decisions taken by the Board of directors shall be recorded in minutes drawn up in a special register prepared in accordance with French legislation in force and signed by the Chairman of the meeting and one of the directors who attended the meeting.

The Chairman of the meeting shall appoint the Secretary to the Board, who may be chosen from outside the Board's membership.

Copies or extracts of Board minutes may be signed by the Chairman, the Chief Executive Officer, the Chief Operating Officers or any representative specifically authorised for such purpose.

Article 11

The ordinary general Shareholders' meeting may grant directors' fees under the conditions provided for by French law.

The Board of directors shall divide up these fees among its members as it deems appropriate.

The Board of directors may grant exceptional compensation for specific assignments or duties performed by the directors under the conditions applicable to agreements subject to approval, in accordance with the provisions of articles L.225-38 to L.225-43 of the French commercial code (*Code de commerce*). The Board may also authorise the reimbursement of travel and business expenses and any other expenses incurred by the directors in the interests of the Company.

SECTION IV

DUTIES OF THE BOARD OF DIRECTORS, THE CHAIRMAN, THE EXECUTIVE MANAGEMENT AND THE NON-VOTING DIRECTORS (Censeurs)

Article 12

The Board of directors shall determine the business strategy of BNP Paribas and supervise the implementation thereof. Subject to the powers expressly conferred upon the Shareholders' meetings and within the limit of the corporate purpose, the Board shall handle any issue concerning the smooth running of BNP PARIBAS and settle matters concerning the Company pursuant to its deliberations. The Board of directors shall receive from the Chairman or the Chief Executive Officer all of the documents and information required to fulfil its duties.

The Board of directors' decisions shall be executed by either the Chairman, the Chief Executive Officer or the Chief Operating Officers, or by any special representative appointed by the Board.

At the proposal of the Chairman, the Board of directors may decide to set up committees responsible for performing specific tasks.

Article 13

The Chairman shall organise and manage the work of the Board of directors and report thereon to the shareholders' meeting. The Chairman shall also oversee the smooth running of BNP PARIBAS's management bodies and ensure, in particular, that the directors are in a position to fulfil their duties.

The remuneration of the Chairman of the Board shall be freely determined by the Board of directors.

Article 14

The Board of directors shall decide how to organize the executive management of the Company. The executive management of the Company shall be ensured under his own liability either by the Chairman of the Board of directors or by another individual appointed by the Board of directors and bearing the title of Chief Executive Officer.

Shareholders and third parties shall be informed of this choice in accordance with the regulatory provisions in force.

The Board of directors shall have the right to decide that this choice be for a fixed term.

In the event that the Board of directors decides that the Executive Management shall be ensured by the Chairman of the Board, the provisions of these articles of association concerning the Chief Executive

Officer shall apply to the Chairman of the Board of directors who will in such case assume the title of Chairman and Chief Executive Officer. He shall be deemed to have automatically resigned at the close of the Shareholders' meeting held to approve the financial statements for the year in which he reaches sixty-five years of age.

In the event that the Board of directors decides that such duties should be separated, the Chairman shall be deemed to have automatically resigned at the close of the Shareholders' meeting held to approve the financial statements for the year in which he reaches sixty-eight years of age. However, the Board may decide to extend the term of office of the Chairman of the Board until the close of the Shareholders' meeting held to approve the financial statements for the year in which he reaches sixty-nine years of age. The Chief Executive Officer shall be deemed to have automatically resigned at the close of the Shareholders' meeting held to approve the financial statements for the year in which he reaches sixty-three years of age. However, the Board may decide to extend the term of office of the Chief Executive Officer until the close of the Shareholders' meeting held to approve the financial statements for the year in which he reaches sixty-four years of age.

Article 15

The Chief Executive Officer shall be vested with the broadest powers to act in all circumstances in the name of BNP PARIBAS. He shall exercise these powers within the limit of the corporate purpose and subject to those powers expressly granted by French law to Shareholders' meetings and the Board of directors.

He shall represent BNP PARIBAS in its dealings with third parties. BNP PARIBAS shall be bound by the actions of the Chief Executive Officer even if such actions are beyond the scope of the corporate purpose, unless BNP PARIBAS can prove that the third party knew that the action concerned was beyond the scope of the corporate purpose or had constructive knowledge thereof in view of the circumstances. The publication of the Company's articles of association alone shall not constitute such proof.

The Chief Executive Officer shall be responsible for the organisation and procedures of internal control and for all information required by French law regarding the internal control report.

The Board of directors may limit the powers of the Chief Executive Officer, but such limits shall not be valid against claims by third parties.

The Chief Executive Officer may delegate partial powers, on a temporary or permanent basis, to as many persons as he sees fit, with or without the option of redelegation.

The remuneration of the Chief Executive Officer shall be freely determined by the Board of directors.

The Chief Executive Officer may be removed from office by the Board of directors at any time. Damages may be payable to the Chief Executive Officer if he is unfairly removed from office, except where the Chief Executive Officer is also the Chairman of the Board of directors.

In the event that the Chief Executive Officer is a director, the term of his office as Chief Executive Officer shall not exceed that of his term of office as a director.

Article 16

At the proposal of the Chief Executive Officer, the Board of directors may, within the limits of French law, appoint one or more individuals, called Chief Operating Officers, responsible for assisting the Chief Executive Officer.

In agreement with the Chief Executive Officer, the Board of directors shall determine the scope and term of the powers granted to the Chief Operating Officers. However, as far as third parties are concerned, the Chief Operating Officers shall have the same powers as the Chief Executive Officer.

When the Chief Executive Officer ceases to perform his duties or is prevented from doing so, the Chief Operating Officers shall, unless the Board of directors decides otherwise, retain their positions and responsibilities until a new Chief Executive Officer is appointed.

The remuneration of the Chief Operating Officers shall be freely determined by the Board of directors, at the proposal of the Chief Executive Officer.

The Chief Operating Officers may be removed from office by the Board of directors at any time, at the proposal of the Chief Executive Officer. Damages may be payable to the Chief Operating Officers if they are unfairly removed from office.

Where a Chief Operating Officer is a director, the term of his office as Chief Operating Officer may not exceed that of his term of office as a director.

The Chief Operating Officers' terms of office shall expire at the latest at the close of the Shareholders' meeting called to approve the financial statements for the year in which the Chief Operating Officers reach sixty-five years of age.

Article 17

At the proposal of the Chairman, the Board of directors may appoint one or two non-voting directors (censeurs).

Notices of meetings shall be served to non-voting directors, who shall attend Board meetings in an advisory capacity.

They shall be appointed for six years and may be reappointed for further terms. They may also be dismissed at any time under similar conditions.

They shall be selected from among the Company's shareholders and their remuneration shall be determined by the Board of directors.

SECTION V

SHAREHOLDERS' MEETINGS

Article 18

Shareholders' meetings shall be composed of all shareholders.

Shareholders' meetings shall be called and held subject to compliance with the provisions of the French commercial code (*Code de Commerce*) and its implementing decree.

They shall be held either at the head office or at any other location specified in the notice of meeting.

They shall be chaired by the Chairman of the Board of directors, or, in his absence, by a director appointed for this purpose by the Shareholders' meeting.

Any shareholder may, subject to providing proof of identity, attend a Shareholders' meeting either in person or by postal or proxy vote.

Share ownership is evidenced by an entry either in BNP Paribas' share register in the name of the shareholder, or in the register of bearer shares held by the applicable authorised intermediary, within the deadlines and under the conditions provided for by the regulations in force. In the case of bearer shares, the authorised intermediary shall provide a certificate of participation for the shareholders concerned.

The deadline for returning postal votes shall be determined by the Board of directors and stated in the notice of meeting published in the French legal announcements journal (*Bulletin d'Annonces Légales Obligatoires – BALO*).

At all Shareholders' Meetings, the voting right attached to shares bearing beneficial rights shall be exercised by the beneficial owner.

If the Board of directors so decides at the time that the Shareholders' meeting is called, the public broadcasting of the entire Shareholders' meeting by videoconference or any other telecommunication and remote transmission means, including internet, shall be authorized. Where applicable, this decision shall be communicated in the notice of meeting published in the French legal announcements journal (*Bulletin d'Annonces Légales Obligatoires – BALO*).

Any shareholder may also, if the Board of directors so decides at the time of issuing the notice of meeting, take part in the Shareholders' meeting by videoconference or any other telecommunication and remote transmission means, including internet, under the conditions provided for by the regulations applicable at the time of its use. If an electronic voting form is used, the shareholder's signature may be in the form of a secure digital signature or a reliable identification process safeguarding the link with the document to which it is attached and may consist, in particular, of a user identifier and a password. Where applicable, this decision shall be communicated in the notice of meeting published in the French legal announcements journal (*Bulletin d'Annonces Légales Obligatoires – BALO*).

SECTION VI

STATUTORY AUDITORS

Article 19

At least two principal statutory auditors and at least two deputy statutory auditors shall be appointed by the Shareholders' meeting for a term of six financial years. Their term of office shall expire after approval of the financial statements for the sixth financial year.

SECTION VII

ANNUAL FINANCIAL STATEMENTS

Article 20

The Company's financial year shall start on 1 January and end on 31 December.

At the end of each financial year, the Board of directors shall draw up annual financial statements and write a management report on the Company's financial position and its business activities during the previous year.

Article 21

Net income is composed of income for the year minus operating expenses, depreciation, amortisation and provisions.

The following shall be deducted from income for the year, minus prior losses, if any:

- amounts to be allocated to the reserves in accordance with French law and these articles of association. In particular, at least 5% shall be set aside to form the legal reserve until such time as said reserve is equal to one-tenth of the share capital;
- the amounts which the Shareholders' meeting, at the proposal of the Board of directors, deems necessary to allocate to any extraordinary or special reserves or to retained earnings.

The balance shall be distributed to the shareholders. However, except in the event of a capital reduction, no amounts may be distributed to the shareholders if the shareholders' equity is, or would become, following such distribution, lower than the amount of capital plus the reserves which is not open to distribution pursuant to French law or these articles of association.

In accordance with the provisions of article L.232-18 of the French commercial code (*Code de Commerce*), a Shareholders' meeting may offer an option for the payment, in whole or in part, of dividends or interim dividends through the issuance of new shares in the Company.

SECTION VIII

DISSOLUTION

Article 22

Should BNP PARIBAS be dissolved, the shareholders shall determine the form of liquidation, appoint the liquidators at the proposal of the Board of directors and, in general, take on all of the duties of the Shareholders' meeting of a French Public Limited Company (*société anonyme*) during the liquidation and until such time as it has been completed.

SECTION IX

DISPUTES

Article 23

Any and all disputes that may arise during the life of BNP PARIBAS or during its liquidation, either between the shareholders themselves or between the shareholders and BNP PARIBAS, pursuant to these articles of association, shall be ruled on in accordance with French law and submitted to the courts having jurisdiction.

8.7 Statutory Auditors' special report on regulated agreements and commitments

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

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

Mazars
61, rue Henri-Regnault
92400 Courbevoie

BNP Paribas
16, boulevard des Italiens
75009 Paris

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

To the Shareholders,

In our capacity as Statutory Auditors of BNP Paribas, we hereby report to shareholders on regulated agreements and commitments.

1. Agreements and commitments entered into during the year

In application of Article L. 225-40 of the French commercial code (*Code de Commerce*), we were informed of the agreements and commitments approved by your Board of Directors.

Our responsibility does not include identifying any undisclosed agreements or commitments. We are required to report to shareholders, based on the information provided, about the main terms and conditions of agreements and commitments that have been disclosed to us, without commenting on their relevance or substance. Under Article R. 225-31 of the French commercial code, it is the responsibility of shareholders to determine whether the agreements and commitments are appropriate and should be approved.

We conducted our work in accordance with the professional standards applicable in France with regard to this engagement. Those standards require that we carry out the necessary procedures to verify the consistency of the information disclosed to us with the source documents from which it was taken.

■ Amendment to a corporate officer's employment contract, approved by the Board of Directors on 1 July 2008, with effect on 1 September 2008

Corporate officer concerned:

- Jean Clamon

The employment contract for Jean Clamon was amended pursuant to his resignation as Chief Operating Officer and appointment as Managing Director, Head of Compliance and Internal Control Coordinator. The fixed portion of his annual salary was not changed, but the variable portion was adjusted to match the same conditions and criteria applicable to other Executive Committee members. Jean Clamon's term as corporate officer will be included in the calculation of his seniority and severance payment under the French collective labour agreement for banks and other internal labour agreements.

2. Agreements and commitments entered into in prior years which remained in force during the year

In accordance with the French commercial code, we were informed of the following agreements and commitments entered into in prior years, which remained in force during the year.

■ Shareholders' agreement concerning Galeries Lafayette, entered into with the Moulin family and Motier SAS, approved by the Board of Directors on 2 August 2005, and signed on 21 March 2006

On 21 March 2006, Motier SAS, the Moulin family, and BNP Paribas entered into a shareholders' agreement under which:

- the parties grant a reciprocal preferential right on Galeries Lafayette shares;
- the parties grant a reciprocal right of transfer on Galeries Lafayette shares;
- appointments to the Supervisory Board of Galeries Lafayette are allocated based on its shareholder structure.

- Shareholders' agreement concerning LaSer Cofinoga, entered into with Cetelem, the Moulin family, Motier SAS, Galeries Lafayette, LaSer, and Cofinoga, and approved by the Board of Directors on 2 August 2005

On 20 September 2005, Motier SAS, the Moulin family, Cetelem, Galeries Lafayette, LaSer, Cofinoga, and BNP Paribas entered into a shareholders' agreement which set out the following:

- the management of the LaSer group;
 - the conditions applicable to the sale of LaSer and Cofinoga shares;
 - the commitments of the Moulin family, Motier SAS and Galeries Lafayette;
 - the commitments of BNP Paribas and Cetelem towards Cofinoga;
 - the conditions for implementing cost synergies between Cetelem, LaSer and Cofinoga.
- Agreement setting out the relationship with AXA, approved by the Board of Directors on 23 November 2005

This agreement, signed on 15 December 2005, replaces the standstill agreement signed on 12 September 2001 and the amendment thereto dated 26 October 2004. It sets out the relationship between BNP Paribas and AXA with a view to adapting it to the framework defined by the merger of Finaxa into AXA.

This agreement sets forth the minimum cross-shareholdings between the two groups.

- AXA initially undertook not to reduce its interest in BNP Paribas to below 43,412,598 shares, and BNP Paribas initially undertook not to reduce its interest in AXA to below 61,587,465 shares;
- these figures will then be adjusted to take account of securities transactions, in particular bonus share grants, stock splits or reverse stock splits, and capital increases carried out by either BNP Paribas or AXA.

In addition, each party has a call option on the other's shareholding, exercisable in the event of a hostile takeover of either party.

The new agreement is for an initial term of five years, and is automatically renewable for two years and then for a further period of one year.

The agreement was announced by the French financial markets authority (*Autorité des Marchés Financiers*) on 21 December 2005.

- Agreement providing for the transfer by BNP Paribas of 267,209,706 UCB shares to Cetelem in order to create BNP Paribas Personal Finance, approved by the Board of Directors on 13 December 2007 and signed on 7 January 2008

This transaction is part of the tie-up between Cetelem and UCB to create BNP Paribas Personal Finance:

- on 30 January 2008, BNP Paribas transferred 267,209,706 UCB shares (out of the 267,209,721 shares comprising UCB's share capital) to Cetelem. The value of the transferred UCB shares was EUR 890,881,144.52, corresponding to their carrying amount;
- in consideration for the transfer of UCB shares, Cetelem issued 7,783,918 shares and provided additional paid-in capital of EUR 836,393,718.52. The share transfer agreement contains the usual clauses in relation to the surplus.

- Guarantees given to directors and senior executives

BNP Paribas SA has taken out insurance policies to cover any financial liability and legal defence costs for its directors and senior executives and those of its subsidiaries, in the case of proceedings initiated against them related to the normal exercise of their duties. The principles and conditions of said agreements remained in force in 2008.

Neuilly-sur-Seine and Courbevoie, 11 March 2009

The Statutory Auditors

Deloitte & Associés
Pascal Colin

PricewaterhouseCoopers Audit
Étienne Boris

Mazars
Hervé Hélias

9 STATUTORY AUDITORS

9.1 Statutory Auditors

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9.1 Statutory Auditors

Deloitte Et Associés	PricewaterhouseCoopers Audit	Mazars
185 Avenue Charles-de-Gaulle 92524 Neuilly-sur-Seine Cedex	63 Rue de Villiers 92208 Neuilly-sur-Seine Cedex	61 Rue Henri-Regnault 92400 Courbevoie

– Deloitte Et Associés was appointed as Statutory Auditor at the Annual General Meeting of 23 May 2006 for a six-year period expiring at the close of the Annual General Meeting called in 2012 to approve the financial statements for the year ending 31 December 2011.

Deloitte Et Associés is represented by Pascal Colin.

Deputy:

BEAS, 7-9, Villa Houssay, Neuilly-sur-Seine (92), France, SIREN No. 315 172 445, Nanterre trade and companies register

– PricewaterhouseCoopers Audit was re-appointed as Statutory Auditor at the Annual General Meeting of 23 May 2006 for a six-year period expiring at the close of the Annual General Meeting called in 2012 to approve the financial statements for the year ending 31 December 2011. The firm was first appointed at the Annual General Meeting of 26 May 1994.

PricewaterhouseCoopers Audit is represented by Etienne Boris.

Deputy:

Pierre Coll, 63, Rue de Villiers, Neuilly-sur-Seine (92), France

– Mazars was re-appointed as Statutory Auditor at the Annual General Meeting of 23 May 2006 for a six-year period expiring at the close of the Annual General Meeting called in 2012 to approve the financial statements for the year ending 31 December 2011. The firm was first appointed at the Annual General Meeting of 23 May 2000.

Mazars is represented by Hervé Hélias.

Deputy:

Michel Barbet-Massin, 61 Rue Henri-Regnault, Courbevoie (92), France

Deloitte Et Associés, PricewaterhouseCoopers, and Mazars are registered as Statutory Auditors with the Versailles Regional Association of Statutory Auditors, under the authority of the French National Accounting Oversight Board (*Haut Conseil du Commissariat aux comptes*).

10 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

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10.1 Person responsible for the Registration Document

Baudouin Prot, Chief Executive Officer of BNP Paribas

10.2 Statement by the person responsible for the Registration Document

I hereby declare that to the best of my knowledge, and having taken all reasonable precautions, the information contained in the Registration Document is in accordance with the facts and contains no omission likely to affect its import.

I further declare that to the best of my knowledge, the accounts are prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company and all the undertakings in the consolidation taken as a whole, and that the information provided in the management report (whose contents are listed in the Table of Concordance on page 355) includes a fair review of the development and performance of the business, profit or loss and financial position of the company and the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

I obtained a statement from the Statutory Auditors, Deloitte Et Associés, PricewaterhouseCoopers Audit, and Mazars, at the end of their assignment, in which they confirm having verified the information regarding the financial position and the accounts contained herewithin, and having examined the entire Registration Document.

The Statutory Auditors have reviewed the full-year 2008 financial data given in this document. The Statutory Auditors' reports contain one observation, and are given on pages 244-246 and 308-310 of this document.

Paris, 11 March 2009

Chief Executive Officer

Baudouin PROT

11 TABLE OF CONCORDANCE

In order to assist readers of the Registration Document, the following table of concordance cross-references the main headings required by Annex 1 of European Commission Regulation (EC) No. 809/2004 pursuant to the "Prospectus" Directive.

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Pursuant to Article 28 of European Commission Regulation (EC) No. 809/2004 on prospectuses, the following items are incorporated by reference:

- the consolidated financial statements for the year ended 31 December 2007 and the Statutory Auditors' report on the consolidated financial statements for the same period, presented respectively on pages 107-120 and 221-222 of Registration Document No. D08-0108 filed with the AMF on 13 March 2008; and

- the consolidated financial statements for the year ended 31 December 2006 and the Statutory Auditors' report on the consolidated financial statements for the same period, presented respectively on pages 104-191 and 192-193 of Registration Document No. D07-0151 filed with the AMF on 7 March 2007.

The chapters of Registration Documents D07-0151 and D06-0075 not referred to above are either not significant for investors or are covered in another section of this Registration Document.

HEAD OFFICE

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Société Anonyme (Public Limited Company)

with capital of EUR 1,824,192,214

SHAREHOLDERS' RELATIONS

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