



**BASE LISTING DOCUMENT DATED 2 APRIL 2013**

*If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.*

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**Non-collateralised Structured Products**

**Base Listing Document relating to**

**Structured Products to be issued by**

**BNP Paribas Arbitrage Issuance B.V.**

**(Incorporated in the Netherlands with its statutory seat in Amsterdam)**

**unconditionally and irrevocably guaranteed by**

**BNP Paribas**

**(incorporated in France)**

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This document, for which we and BNP Paribas (the “**Guarantor**”) accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the purpose of giving information with regard to us, the Guarantor and our warrants (the “**Warrants**”), callable bull/bear contracts (“**CBBCs**”) and other structured products (together, the “**Structured Products**”) to be listed on the Stock Exchange from time to time. This document may be updated and/or amended from time to time by way of addenda. You must ask us if any addenda to this document have been issued.

Our obligations under the Structured Products are guaranteed by the Guarantor under a guarantee executed by the Guarantor dated as of 2 April 2013 (the “**Guarantee**”). We and the Guarantor, having made all reasonable enquiries, confirm that to the best of our knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

**These are Structured Products involving derivatives. You should not invest in the Structured Products unless you fully understand and are willing to assume the risks associated with them.**

**Investors are warned that the price of the Structured Products may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the Structured Products and carefully study the risk factors set out in this document and, where necessary, seek professional advice, before they invest in the Structured Products.**

The Structured Products constitute our general unsecured contractual obligations and of no other person, and the Guarantee in respect of the Structured Products constitutes the general unsecured contractual obligations of the Guarantor and of no other person. The Structured Products will rank equally among themselves and with all other unsecured obligations and all other unsecured obligations of the Guarantor (save for those obligations preferred by law) upon liquidation. If you purchase the Structured Products, you are relying upon our creditworthiness and the creditworthiness of the Guarantor and have no rights under the Structured Products against (a) the company which has issued the underlying securities; (b) the trustee or the manager of the underlying unit trust; or (c) the index compiler of any underlying index. If we become insolvent or default on our obligations under the Structured Products or the Guarantor becomes insolvent or defaults on its obligations under the Guarantee, you may not be able to recover all or even part of the amount due under the Structured Products (if any).

**Sponsor**

**BNP Paribas Securities (Asia) Limited**

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## IMPORTANT INFORMATION

**You should carefully study the risk factors set out in this document and the Listing Documents**

### **What is this document about?**

This document is for information purposes only and does not constitute an offer, an advertisement or invitation to the public to subscribe for or to acquire any Structured Products.

### **What documents should you read before investing in the Structured Products?**

A supplemental listing document will be issued on the issue date of each series of Structured Products which will set out the detailed commercial terms of the relevant series. You must read this document (including any addendum to this document to be issued from time to time) together with such supplemental listing document (including any addendum to such supplemental listing document to be issued from time to time) (together, the “**Listing Documents**”) before investing in any Structured Products. You should carefully study the risk factors set out in the Listing Documents.

### **Is there any guarantee or collateral for the Structured Products?**

Our obligations under the Structured Products are unconditionally and irrevocably guaranteed by the Guarantor. If we become insolvent or default on our obligations under the Structured Products and the Guarantor becomes insolvent or defaults on its obligations under the Guarantee, you can only claim as an unsecured creditor of the Issuer and the Guarantor. In such event, you may not be able to recover all or even part of the amount due under the Structured Products (if any).

### **What are the Guarantor’s credit ratings?**

The Guarantor’s long term debt ratings as of 28 March 2013 are:

#### Rating agency

Moody’s Investors Service, Inc., New York  
Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.  
Fitch Ratings

#### Rating

A2  
A+  
A+

Rating agencies usually receive a fee from the companies that they rate. When evaluating the Guarantor’s creditworthiness, you should not solely rely on the Guarantor’s credit ratings because:

- a credit rating is not a recommendation to buy, sell or hold the Structured Products;
- credit ratings of companies may involve difficult-to-quantify factors such as market competition, the success or failure of new products and markets and managerial competence; and
- a high credit rating is not necessarily indicative of low risk. The Guarantor’s credit ratings as of the above date are for reference only and may be subject to change thereafter. You may visit [www.bnpparibas.com](http://www.bnpparibas.com) to obtain information about the credit ratings of the Guarantor. Any downgrading of the Guarantor’s credit ratings could result in a reduction in the value of the Structured Products.

### **The Structured Products are not rated.**

The Guarantor’s credit ratings are subject to change or withdrawal at any time within each rating agency’s sole discretion. You should conduct your own research using publicly available sources to obtain the latest information with respect to the Guarantor’s ratings from time to time.

### **Is the Issuer or the Guarantor regulated by the Hong Kong Monetary Authority referred to in Rule 15A.13(2) or the Securities and Futures Commission referred to in Rule 15A.13(3)?**

The Issuer is not regulated by the Hong Kong Monetary Authority referred to in Rule 15A.13(2) or the Securities and Futures Commission referred to in Rule 15A.13(3). The Guarantor is regulated by the Hong Kong Monetary Authority. The Guarantor is also regulated by Comité des Etablissements de Crédit et des Entreprises d’Investissement.

### **Is the Issuer or the Guarantor subject to any litigation?**

Save as disclosed in this document, the Issuer, the Guarantor and their respective subsidiaries (“**BNP Group**”) are not aware of any litigation or claims of material importance pending or threatened against any of them.

### **Authorisation for the issue of the Structured Products**

The issue of the Structured Products was authorised by our board of directors on 10 May 2012.

### **Has the Guarantor's financial position changed since last financial year-end?**

Save as disclosed in Appendix 4 of this document, there has been no material adverse change in the Guarantor's financial or trading position since 31 December 2012.

### **Do you need to pay any transaction cost?**

The Stock Exchange charges a trading fee of 0.005 per cent. and the Securities and Futures Commission ("SFC") charges a transaction levy of 0.003 per cent. in respect of each transaction effected on the Stock Exchange payable by each of the seller and the buyer and calculated on the value of the consideration for the Structured Products. The levy for the investor compensation fund is currently suspended.

### **Do you need to pay any tax?**

You may be required to pay stamp duties, taxes and other charges in accordance with the laws and practices of the country of your purchase in addition to the issue price of each Structured Product. See the section headed "Taxation" for further information.

### **Placing, sale and grey market dealings**

No action has been or will be taken by us that would permit a public offering of any series of Structured Products or possession or distribution of any offering material in relation to any Structured Products in any jurisdiction (other than Hong Kong) where action for the purpose is required. No offers, sales, re-sales, transfers or deliveries of any Structured Products, or distribution of any offering material relating to the Structured Products may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and which will not impose any obligation on us or the Guarantor. See the section headed "Placing and Sale" for further information.

Following the launch of a series of Structured Products, we may place all or part of that series with our related party. The Structured Products may be sold to investors in the grey market in the period between the launch date and the listing date. We will report any dealings in Structured Products by any member of the BNP Group in the grey market to the Stock Exchange on the listing date through the website of the HKEx at [www.hkex.com.hk](http://www.hkex.com.hk).

### **Where can you inspect the relevant documents?**

The following documents are available for inspection during usual business hours on any weekday (except public holidays) at BNP Paribas Securities (Asia) Limited, 59th-63th Floors, Two International Finance Centre, 8 Finance Street, Central, Hong Kong:

- (a) our latest audited financial statements and any interim or quarterly financial statements and the latest audited financial statements and any interim or quarterly financial statements of the Guarantor;
- (b) the consent letter of the Guarantor's auditors, Deloitte & Associés, PricewaterhouseCoopers Audit and Mazars (the "Auditors");
- (c) this document and any addendum to this document;
- (d) the supplemental listing document as long as the relevant series of Structured Products is listed on the Stock Exchange;
- (e) the instrument executed by us on 3 May 2006 which constitutes the Structured Products; and
- (f) the Guarantee.

Requests for photocopies of the above documents will be subject to a reasonable fee which reflects the costs of making such copies.

The Listing Documents are also available on the website of the HKEx at <http://www.hkex.com.hk/eng/dwrc/search/listsearch.asp> and our website at <http://www.bnppwarrant.com.hk>.

各上市文件亦可於香港交易所網站 ([http://www.hkex.com.hk/chi/dwrc/search/listsearch\\_c.asp](http://www.hkex.com.hk/chi/dwrc/search/listsearch_c.asp)) 及我們的網站(<http://www.bnppwarrant.com.hk>)瀏覽。

### **Have the Auditors consented to the inclusion of their reports in this document?**

As at the date of this document, the Guarantor's Auditors have given and have not withdrawn their written consent to the inclusion of their report dated 8 March 2013 on the consolidated financial statements of the Guarantor for the year ended 31 December 2012 in this document and/or the references to their names in the Listing Documents, in the form and context in which they are included. Their report was not prepared for incorporation into this document.

The Auditors do not hold the Guarantor's shares or shares in its subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for

or to nominate persons to subscribe for the Guarantor's securities or securities of any of its subsidiaries.

### **How can you get further information about BNP Paribas?**

You may visit our website at [www.bnpparibas.com](http://www.bnpparibas.com) to obtain further information about us and/or the Guarantor.

*You must note that the information on our website will be of a general nature and cannot be relied upon as accurate and/or correct and will not have been prepared exclusively for the purposes of any particular financial instrument issued by us, including the Structured Products.*

### **Authorised representatives**

Emily Yu of 29th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong and Edmond Kwok of 60th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong, are our authorised representatives and are authorised to accept services on our behalf in Hong Kong.

### **Governing law of the Structured Products**

All contractual documentation for the Structured Products will be governed by, and construed in accordance with, the laws of Hong Kong.

### **The Listing Documents are not the sole basis for making an investment decision**

The Listing Documents do not take into account your investment objectives, financial situation or particular needs. Nothing in the Listing Documents should be construed as a recommendation by us, the Guarantor or our respective affiliates to invest in the Structured Products or the underlying asset of the Structured Products.

No person has been authorised to give any information or to make any representations other than those contained in this document in connection with the Structured Products, and, if given or made, such information or representations must not be relied upon as having been authorised by us or the Guarantor.

The Stock Exchange and HKSCC have made no assessment of, nor taken any responsibility for, our financial soundness or the merits of investing in any Structured Products, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

### **Capitalised terms**

Unless otherwise specified, capitalised terms used in this document have the meanings set out in the General Conditions set out in Appendix 1 and the Product Conditions applicable to the relevant series of Structured Products set out in Appendices 2 and 3 respectively (together, the "**Conditions**").

## OVERVIEW OF WARRANTS

### What is a derivative warrant?

A derivative warrant linked to a share, an unit, a commodity, a commodity future, an index, a currency pair or other assets (each an “**Underlying Asset**”) is an instrument which gives the holder a right to “buy” or “sell” an Underlying Asset at, or derives its value by reference to, a pre-set price/level/exchange rate called the Exercise Price/Strike Price/Strike Level/Strike Rate on the Expiry Date. It usually costs a fraction of the value of the Underlying Asset.

A derivative warrant may provide leveraged return to you (but conversely, it could also magnify your losses).

### How and when can you get back your investment?

Our Warrants are European Style warrants. This means they can only be exercised on the Expiry Date.

A Warrant will, upon exercise on the Expiry Date, entitle you to a cash amount called the “**Cash Settlement Amount**” (net of any Exercise Expenses) (if positive) according to the applicable Conditions.

You will receive the Cash Settlement Amount less any Exercise Expenses upon settlement at expiry. If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable to you and you will lose your entire investment.

### How do our Warrants work?

#### *Ordinary Warrants*

The potential payoff upon expiry or exercise of the Warrants is calculated by us by reference to the difference between:

- (a) for a Warrant linked to a security, commodity or commodity future, the Exercise Price/Strike Price and Closing Price/Average Price;
- (b) for a Warrant linked to an index, the Strike Level and the Closing Level; and
- (c) for a Warrant linked to a currency pair, the Strike Rate and the Spot Rate.

#### *Call Warrants*

A call Warrant is suitable to you if you hold a bullish view on the price/level/exchange rate of the Underlying Asset during the term of that call Warrant.

A call Warrant will be exercised if the Average Price/Closing Price/ Closing Level/Spot Rate is greater than Exercise Price/Strike Price/Strike Level/Strike Rate (as the case may be). The more the Average Price/Closing Price/Closing Level/Spot Rate exceeds the Exercise Price/Strike Price/Strike Level/Strike Rate (as the case may be), the higher the payoff upon expiry or exercise. If the Average Price/Closing Price/ Closing Level/Spot Rate is at or below the Exercise Price/Strike Price/Strike Level/Strike Rate (as the case may be), you will lose all your investment.

#### *Put Warrants*

A put Warrant is suitable to you if you hold a bearish view on the price/level/exchange rate of the Underlying Asset during the term of that put Warrant.

A put Warrant will be exercised if the Average Price/Closing Price/Closing Level/Spot Rate is below the Exercise Price/Strike Price/Strike Level/Strike Rate (as the case may be). The more the Average Price/Closing Price/Closing Level/Spot Rate is below the Exercise Price/Strike Price/Strike level/Strike Rate (as the case may be), the higher the payoff upon expiry or exercise. If the Exercise Price/Strike Price/Strike Level/Strike Rate is at or below the Average Price/Closing Price/Closing Level/Spot Rate (as the case may be), you will lose all your investment.

#### *Other types of warrants*

The supplemental listing document applicable to other types of Warrants will specify the type of such Warrants and whether such Warrants are exotic Warrants.

### Where can you find the Product Conditions applicable to our Warrants?

You should review the Product Conditions applicable to each type of the Warrants before your investment.

The Product Conditions applicable to each type of our Warrants are set out in Parts A to F of Appendix 2 (as may be supplemented by any addendum and/or the relevant supplemental listing document).



**What are the factors determining the price of a derivative warrant?**

The price of a Warrant generally depends on the prevailing price/level/exchange rate of the Underlying Asset. However, throughout the term of a Warrant, its price/level/exchange rate will be influenced by one or more of the following factors, including:

- (a) the Exercise Price/Strike Price/Strike Level/Strike Rate applicable to that Warrant;
- (b) the value and volatility of the price/level/exchange rate of the Underlying Asset (being a measure of the fluctuation in the price/level/exchange rate of the Underlying Asset);
- (c) the time remaining to expiry: generally, the longer the remaining life of the Warrant, the greater its value;
- (d) interest rates;
- (e) expected dividend payments or other distributions (if any) on the Underlying Asset or on any components comprising the underlying index;
- (f) the liquidity of the Underlying Asset or of the futures contracts relating to the underlying index;
- (g) the supply and demand for the Warrant;
- (h) our related transaction costs; and
- (i) our creditworthiness and the creditworthiness of the Guarantor.

**What is your maximum loss?**

Your maximum loss in our Warrants will be your entire investment amount plus any transaction costs.

**How can you get information about the Warrants after issue?**

You may visit the HKEx's website at <http://www.hkex.com.hk/prod/dwrc/dw.htm> or our website at <http://www.bnppwarrant.com.hk> to obtain further information on derivative warrants or any notice given by us or the Stock Exchange in relation to our Warrants.

## OVERVIEW OF CBBCS

### What are CBBCs?

CBBCs are a type of Structured Products that track the performance of an Underlying Asset. CBBCs can be issued on different types of Underlying Assets as prescribed by the Stock Exchange from time to time, including:

- (a) securities listed on the Stock Exchange;
- (b) Hang Seng Index, Hang Seng China Enterprises Index and Hang Seng China H-Financials Index; and/or
- (c) overseas securities, overseas indices, currencies, commodities (such as oil, gold and platinum), commodity futures or other assets as prescribed by the Stock Exchange from time to time.

A list of eligible Underlying Assets for CBBCs is available on the website of the HKEx at [http://www.hkex.com.hk/eng/prod/secprod/cbbc/underlying\\_latest.htm](http://www.hkex.com.hk/eng/prod/secprod/cbbc/underlying_latest.htm).

CBBCs are issued either as callable bull contracts (“**bull CBBCs**”) or callable bear contracts (“**bear CBBCs**”), allowing you to take either bullish or bearish positions on the Underlying Asset.

Bull CBBCs are designed for investors who have an optimistic view on the Underlying Asset. Bear CBBCs are designed for investors who have a pessimistic view on the Underlying Asset.

CBBCs have a mandatory call feature (the “**Mandatory Call Event**”) and, subject to the limited circumstances set out in the relevant Conditions in which a Mandatory Call Event may be reversed, we must terminate our CBBCs upon the occurrence of a Mandatory Call Event. See “What are the mandatory call feature of CBBCs?” below.

There are 2 categories of CBBCs, namely:

- (a) Category R CBBCs; and
- (b) Category N CBBCs.

Your entitlement following the occurrence of a Mandatory Call Event will depend on the category of the CBBCs.

If no Mandatory Call Event occurs, the CBBCs will be exercised automatically on the Expiry Date by payment of a Cash Settlement Amount (if any). The Cash Settlement Amount (if any) payable at expiry represents the difference between the Closing Price/Closing Level of the Underlying Asset on the Valuation Date and the Strike Price/Strike Level.

The Conditions applicable to CBBCs are set out in Parts A, B and C of Appendix 3 (as may be supplemented by any addendum or the relevant supplemental listing document).

### What are the mandatory call feature of CBBCs?

#### Mandatory Call Event

Subject to the limited circumstances set out in the relevant Conditions in which a Mandatory Call Event may be reversed, we must terminate the CBBCs if a Mandatory Call Event occurs. A Mandatory Call Event occurs if the Spot Price/Spot Level of the Underlying Asset is:

- (a) at or below the Call Price/Call Level (in the case of a series of bull CBBCs); or
- (b) at or above the Call Price/Call Level (in the case of a series of bear CBBCs),

at any time during the Observation Period.

The Observation Period starts from and including the Observation Commencement Date of the relevant CBBCs and ends on and including the Trading Day immediately preceding the Expiry Date.

Subject to the limited circumstances set out in the relevant Conditions in which a Mandatory Call Event may be reversed and such modification and amendment as may be prescribed by the Stock Exchange from time to time:

- (a) all trades in the CBBCs concluded via auto-matching or manually after the time of the occurrence of a Mandatory Call Event; and
- (b) where the Mandatory Call Event occurs during a pre-opening session or closing auction session (if applicable), all auction trades in the CBBCs concluded in such session and all manual trades concluded after the end of the pre-order matching period in such session, will be invalid and cancelled, and will not be recognised by us or the Stock Exchange.

The time at which a Mandatory Call Event occurs will be determined by reference to:

- (a) in respect of CBBCs over single equities (“**Single Equity CBBCs**”) or CBBCs over single unit trust (“**Single Unit Trust CBBCs**”), the Stock Exchange’s automatic order matching and execution system time at which the Spot Price is at or below the Call Price (for a series of bull CBBCs) or is at or above the Call Price (for a series of bear CBBCs); or



- (b) in respect of CBBCs over index (“**Index CBBCs**”), the time the relevant Spot Level is published by the index compiler at which the Spot Level is at or below the Call Level (for a series of bull CBBCs) or is at or above the Call Level (for a series of bear CBBCs),

subject to the rules and requirements as prescribed by the Stock Exchange from time to time.

#### *Category R CBBCs vs. Category N CBBCs*

The supplemental listing document for the relevant series of CBBCs will specify whether the CBBCs are Category R CBBCs or Category N CBBCs.

“**Category N CBBCs**” refer to CBBCs for which the Call Price/Call Level is equal to their Strike Price/Strike Level. In respect of a series of Category N CBBCs, you will not receive any cash payment following the occurrence of a Mandatory Call Event.

“**Category R CBBCs**” refer to CBBCs for which the Call Price/Call Level is different from their Strike Price/Strike Level. In respect of a series of Category R CBBCs, you may receive a cash payment called the “**Residual Value**” (net of any Exercise Expenses) upon the occurrence of a Mandatory Call Event. The amount of the Residual Value payable (if any) is calculated by reference to:

- (a) in respect of a series of bull CBBCs, the difference between the Minimum Trade Price/Minimum Index Level and the Strike Price/Strike Level of the Underlying Asset; and
- (b) in respect of a series of bear CBBCs, the difference between the Strike Price/Strike Level and the Maximum Trade Price/Maximum Index Level of the Underlying Asset.

You must read the applicable Product Conditions and the relevant supplemental listing document to obtain further information on the calculation formula of the Residual Value applicable to Category R CBBCs.

You may lose all of your investment in a particular series of CBBCs if:

- (a) in the case of a series of bull CBBCs, the Minimum Trade Price/Minimum Index Level of the Underlying Asset is equal to or less than the Strike Price/Strike Level; or
- (b) in the case of a series of bear CBBCs, the Maximum Trade Price/Maximum Index Level of the Underlying Asset is equal to or greater than the Strike Price/Strike Level.

#### **Where can you find the Product Conditions applicable to our CBBCs?**

You should review the Product Conditions applicable to each type of the CBBCs before your investment.

The Product Conditions applicable to each type of our CBBCs are set out in Appendix 3.

#### **How is the funding cost calculated?**

The issue price of a series of CBBCs is set by reference to (i) the difference between the initial reference spot price/level of the Underlying Asset as at the launch date of the CBBC and the Strike Price/Strike Level, plus (ii) if applicable, a funding cost.

The initial funding cost applicable to the CBBCs as of the launch date will be specified in the relevant supplemental listing document for the relevant series.

The funding cost is an amount determined by us based on a number of factors, including but not limited to the Strike Price/Strike Level, the prevailing interest rate and, for Single Equity CBBCs or Single Unit Trust CBBCs, the expected dividend/distribution yield in respect of the Underlying Asset.

The funding cost may fluctuate throughout the life of the CBBCs as the funding rate changes from time to time.

Further details about the funding cost applicable to a series of CBBCs will be described in the relevant supplemental listing document.

#### **Do you own the Underlying Asset?**

CBBCs convey no interest in the Underlying Asset. We may choose not to hold the Underlying Asset or any derivatives contracts linked to the Underlying Asset. There is no restriction through the issue of the CBBCs on the ability of the BNP Group to sell, pledge or otherwise convey all rights, titles and interests in any Underlying Asset or any derivatives products linked to the Underlying Asset.

#### **What are the factors determining the price of a CBBC?**

The price of a series of CBBCs tend to mirror the movement in the value of the Underlying Asset in dollar value (on the assumption of an entitlement ratio of one CBBC to one unit of Underlying Asset).

However, throughout the term of a CBBC, its price will be influenced by a number of factors, including:

- (a) the Strike Price/Strike Level and the Call Price/Call Level;

- (b) the likelihood of the occurrence of a Mandatory Call Event;
- (c) for Category R CBBCs only, the probable range of the Residual Value payable upon the occurrence of a Mandatory Call Event;
- (d) the time remaining to expiry;
- (e) any change(s) in interim interest rates;
- (f) expected dividend payments or other distribution on the Underlying Asset or on any components comprising the underlying index;
- (g) the probable range of the Cash Settlement Amount;
- (h) the supply and demand for the CBBCs;
- (i) the liquidity of the Underlying Asset or of the future contracts relating to the underlying index;
- (j) our related transaction costs; and/or
- (k) our creditworthiness and the creditworthiness of the Guarantor.

**What is your maximum loss?**

Your maximum loss in CBBCs will be your entire investment amount plus any transaction cost.

**How can you get information about the CBBCs after issue?**

You may visit the HKEx's website at <http://www.hkex.com.hk/eng/prod/secprod/cbbc/Intro.htm> or our website at <http://www.bnppwarrant.com.hk> to obtain further information on CBBCs or any notice given by us or the Stock Exchange in relation to our CBBCs.

## DESCRIPTION OF THE ISSUER

### History

Our name is:

#### **BNP Paribas Arbitrage Issuance B.V.**

We are a private limited company under Dutch law (“**besloten vennootschap met beperkte aansprakelijkheid**”), having its registered office at Herengracht 537, 1017 BV Amsterdam, the Netherlands and registered with the Commercial Register under number 33215278. We were incorporated on 10 November 1989.

### Business

Our objects are:

- (a) to borrow, lend out and collect monies, including but not limited to the issue or the acquisition of debentures, debt instruments, financial instruments such as, among others, warrants and certificates of any nature, with or without indexation based on, inter alia, shares, basket of shares, stock exchange indexes, currencies, commodities or futures on commodities, and to enter into related agreements;
- (b) to finance enterprises and companies;
- (c) to establish and to in any way participate in, manage and supervise enterprises and companies;
- (d) to offer advice and to render services to enterprises and companies with which the company forms a group of companies, and to third parties;
- (e) to grant security, to bind the company and to encumber assets of the company for the benefit of enterprises and companies with which the company forms a group of companies, and of third parties;
- (f) to acquire, manage, exploit and dispose of registered property and asset value in general;
- (g) to trade in currencies, securities and asset value in general;
- (h) to exploit and trade in patents, trademark rights, licences, know-how and other industrial rights of ownership;
- (i) to engage in industrial, financial and commercial activities of any nature,

and all other things as may be deemed incidental or conducive to the attainment of the above objects, in the broadest sense of the word.

### Share capital

The authorised share capital is composed of 225,000 euros divided into 225,000 shares of one euro each. The issued share capital is 45,379 euros, divided in 45,379 shares of one euro each.

All shares are registered shares and no share certificates have been issued.

### Management

#### *Management Board*

Our management will be composed of a Management Board with one or several members appointed by the general meeting of shareholders.

### ***Duties of the Management Board***

Within the limits of the constitutional documents, the Management Board will be responsible for our management.

### ***Delegation of management***

BNP Paribas is our sole shareholder. BNP Paribas has appointed on 22 February 2001 as sole managing director BNP Paribas Trust B.V., a company established and existing under the laws of the Netherlands, with its registered office at Herengracht 537, NL-1017 BV, Amsterdam. Messrs. Boulanger, Didier and Sijssling, Directors of BNP Paribas Trust B.V. have the power to take all necessary measures in relation to the issue of securities of BNP Paribas Arbitrage Issuance B.V..

## DESCRIPTION OF THE GUARANTOR

### 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 beginning. During the 1990s, new banking products and services were launched, the Bank expanded its presence in France and internationally, developed its activities in financial markets 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 stock market bids waged over six months, BNP was in a position to carry out a merger of equals with Paribas. For both groups, this was the most important event since their privatization. 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
- Drawing on its strong banking and financial services heritage, 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 market.
- 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 draw on a national banking network to develop their activities.
- 2009      Merger with the Fortis group
- BNP Paribas took control of Fortis Banque and BGL (Banque Générale du Luxembourg), thereby creating a European leader in retail banking, with four domestic markets.

## Key figures – Ratings

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

It is present in 78 countries and has almost 190,000 employees, including over 145,000 in Europe. BNP Paribas holds key positions in its three activities:

- Retail Banking, which includes:
  - a set of Domestic Markets, comprising:
    - French Retail Banking (FRB),
    - BNL banca commerciale (BNL bc), Italian retail banking,
    - Belgian Retail Banking (BRB),
    - Other Domestic Markets activities, including Luxembourg Retail Banking (LRB);
  - International Retail Banking, comprising
    - Europe-Mediterranean,
    - BancWest;
  - Personal Finance;
- Investment Solutions;
- Corporate and Investment Banking (CIB).

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

At 31 December 2012, the Group had consolidated assets of €1,907.3 billion (compared to €1,965.3 billion at 31 December 2011), consolidated loans and receivables due from customers of €630.5 billion (compared to €665.8 billion at 31 December 2011), consolidated items due to customers of €539.5 billion (compared to €546.3 billion at 31 December 2011) and shareholders' equity (Group share) of €85.9 billion (compared to €75.4 billion at 31 December 2011). Pre-tax net income at 31 December 2012 was €10.4 billion (compared to €9.7 billion at 31 December 2011). Net income, Group share, at 31 December 2012 was €6.6 billion (compared to €6.1 billion at 31 December 2011).

The Group currently has long-term senior debt ratings of "A2", with stable outlook from Moody's, "A+" with negative outlook from Standard & Poor's and "A+" with stable outlook from Fitch Ratings.

## 2012 rankings and awards

### CORPORATE BANKING

- No. 2 Worldwide Trade Finance Provider (*Euromoney*, 2012);
- No. 5 in Cash Management Worldwide (*Euromoney Cash Management Survey* 2012);
- No. 1 Bookrunner in EMEA Syndicated Loans by number and volume of deals (*Bloomberg FY2012*);
- No. 1 Bookrunner in EMEA Media Telecom Loans by number and volume of deals (*Dealogic FY2012*);
- Aircraft Leasing Innovator of the Year (*Global Transportation Finance – November* 2012);
- Best Debt House in Western Europe (*Euromoney July* 2012).



## GLOBAL EQUITIES & COMMODITY DERIVATIVES

### Selection of awards won in 2012

- Structured Products House of the Year (*Risk Magazine*);
- House of the Year (*Structured Products Europe Awards*);
- Derivatives House of the Year (*The Asset Awards*);
- Commodities Research House of the Year (*Energy Risk Magazine*);
- Oil and Products House of the Year (*Energy Risk Magazine*);
- Commodity Finance & Structured Products (*Commodity Business Awards*);
- Corporate and Social Responsibility (*Commodity Business Awards*).

## FIXED INCOME

### 2012 rankings

- No. 1 bookrunner for euro bond issues, no. 8 bookrunner for international bond issues in all currencies (*Thomson Reuters Bookrunner Rankings 2012*);
- No. 2 in credit research in the banking sector and no. 2 in the consumer products and retailing sector (*Euromoney Fixed Income Research Poll 2012*);
- No. 1 on market share in euro fixed income derivatives for corporates (*Euromoney Rates Survey 2012*);
- No. 4 overall European Fixed Income – 6.2 % Market Share (*Greenwich Survey 2012*).

### 2012 awards

- Euro Bond House (*IFR December 2012*);
- EMEA Investment Grade Corporate Bond House (*IFR December 2012*);
- Best Debt House in Western Europe (*Euromoney Awards for Excellence 2012*);
- Most Innovative for Corporates (*The Banker 2012*);
- Structured Products House of the Year (*Structured Products Europe 2012*);
- Interest Rates House of the Year (*Structured Products Europe 2012*);
- Best Bank for Corporate DCM in EUR (*EuroWeek Awards 2012*);
- Structured Products House of the Year (*Risk Magazine 2012*).

### Capital Stock

As of 31 December 2012, BNP Paribas' share capital stood at €2,484,523,922 divided into 1,242,261,961 shares.

### Further information

For more information on BNP Paribas, please visit <http://invest.bnpparibas.com/en>.

## Board of Directors

The following table sets forth the names of the current members of the Board of Directors, their current function at the Bank, their business address and their principal business activities outside of the Bank as at 31 December 2012, except where specified:

|   |   |  |  |
|---|---|--|--|
| <p><b>Baudouin PROT</b><br/>Principal function<sup>(1)</sup>: Chairman of the BNP Paribas Board of Directors</p>  |   |  |  |
| <p>Date of birth: 24 May 1951<br/>Term start and end dates: 11 May 2011 – 2014 AGM<br/>First elected to the Board on: 7 March 2000</p>  |   | <p><b>Functions at 31 December 2012<sup>(1)</sup></b><br/><b>Director of:</b> Pinault-Printemps-Redoute, Veolia Environnement, Lafarge, <i>Erbé SA (Belgium), Pargesa Holding SA (Switzerland), Institute of International Finance (IIF)</i><br/><b>Chairman of:</b> <i>International Monetary Conference (IMC)</i><br/><b>Member of:</b> <i>International Advisory Panel of the Monetary Authority of Singapore (MAS), International Business Leaders' Advisory Council (IBLAC) of the city of Shanghai</i></p> |  |
| <p>Number of BNP Paribas shares held<sup>(2)</sup>: 146,129<br/>Office address: 3, rue d'Antin<br/>75002 PARIS<br/>FRANCE</p>   |   |  |  |
| <p><b>Functions at previous year-ends</b><br/><i>(the companies listed are the parent companies of the groups in which the functions were carried out)</i></p>  |   |  |  |
| <p><b>2011:</b><br/><b>Chairman of the Board of Directors of:</b> BNP Paribas (from 1 December 2011)<br/><b>Director of:</b> Pinault-Printemps-Redoute, Veolia Environnement, Erbé SA (Belgium), Pargesa Holding SA (Switzerland)<br/><b>Member of:</b> Vice-Chairman of the IMC (The International Monetary Conference), Institute of International Finance (IIF), International Advisory Panel of the MAS (Monetary Authority of Singapore)</p> | <p><b>2010:</b><br/><b>Chief Executive Officer and Director of:</b> BNP Paribas<br/><b>Director of:</b> Pinault-Printemps-Redoute, Veolia Environnement, Erbé SA (Belgium), Pargesa Holding SA (Switzerland)<br/><b>Member of:</b> Executive Board of Fédération Bancaire Française</p> | <p><b>2009:</b><br/><b>Chief Executive Officer and Director of:</b> BNP Paribas<br/>Director of: Accor, Pinault-Printemps-Redoute, Veolia Environnement, Erbé SA (Belgium), Pargesa Holding SA (Switzerland)<br/><b>Chairman of:</b> Fédération Bancaire Française from September 2009 to August 2010<br/><b>Member of:</b> Executive Board of Fédération Bancaire Française</p>   | <p><b>2008:</b><br/><b>Chief Executive Officer and Director of:</b> BNP Paribas<br/><b>Director of:</b> Accor, Pinault-Printemps-Redoute, Veolia Environnement, Erbé SA (Belgium), Pargesa Holding SA (Switzerland)<br/><b>Member of:</b> Executive Board of Fédération Bancaire Française</p> |

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

(2) At 31 December 2012.

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

Number of BNP Paribas shares held<sup>(2)</sup>: 231,772  
Office address: 3, rue d'Antin  
75002 PARIS  
FRANCE

**Functions at 31 December 2012<sup>(1)</sup>**

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

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

**Non-voting director of:** *Société Anonyme des Galeries Lafayette*  
**Chairman of:** *Management Board of Institut d'Etudes Politiques de Paris, Fondation BNP Paribas*

**Honorary Chairman of:** *Crédit Commercial de France, Supervisory Board of Institut Aspen, Institut de l'Entreprise*

**Member of:** *Académie des sciences morales et politiques, Executive Committee of Mouvement des Entreprises de France, Steering Committee of Institut de l'Entreprise, Fondation Nationale des Sciences Politiques, Fondation ARC*

**Functions at previous year-ends**

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

**2011:**

**Honorary Chairman of BNP Paribas** (from 1 December 2011)

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

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

**Non-voting director of:** Société Anonyme des Galeries Lafayette

**Chairman of:** Management Board of Institut d'Etudes Politiques de Paris

**Member of:** Académie des sciences morales et politiques, Executive Committee of Mouvement des Entreprises de France, International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC)

**2010:**

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

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

**Non-voting director of:** Société Anonyme des Galeries Lafayette

**Chairman of:** European Financial Round Table, Investment Banking and Financial Markets Committee of Fédération Bancaire Française, Management Board of Institut d'Etudes Politiques de Paris, Institut de l'entreprise  
**Member of:** Académie des Sciences morales et politiques, Executive Committee of Mouvement des Entreprises de France, Haut Conseil de l'Éducation, Institut Bancaires, International Advisory Panel of the Monetary Authority of Singapore, International Capital Markets Advisory Committee of the Federal Reserve Bank of New York, International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC)

**2009:**

**Chairman of the Board of Directors of:** BNP Paribas  
**Director of:** Lafarge, Compagnie de Saint-Gobain, Total, BNP Paribas (Switzerland) SA, 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'Etudes Politiques de Paris, Supervisory Board of Institut Aspen France, European Financial Round Table, Institut de l'entreprise

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

**2008:**

**Chairman of the Board of Directors of:** BNP Paribas  
**Director of:** Lafarge, Compagnie de Saint-Gobain, Total, BNP Paribas (Switzerland) SA, 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'Etudes Politiques de Paris, Supervisory Board of Institut Aspen France, Institut de l'entreprise

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

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

(2) At 31 December 2012.

Claude BÉBÉAR  
Principal function<sup>(1)</sup>: Honorary Chairman of AXA

Date of birth: 29 July 1935  
Term start and end dates: 13 May 2009 – 23 May 2012  
First elected to the Board on: 23 May 2000

Number of BNP Paribas shares held<sup>(2)</sup>: 3,074  
Office address: 25, avenue Matignon  
75008 PARIS  
FRANCE

**Functions at 31 December 2012<sup>(1)</sup>**

**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)

|  |   |   |   |
|--|---|---|---|
| <b>2011:</b><br><b>Honorary Chairman of AXA</b><br><b>Director of:</b> AXA Assurances Iard Mutuelle, AXA Assurances Vie Mutuelle<br><b>Member of the Supervisory Board of:</b> Vivendi<br><b>Non-voting director of:</b> Schneider Electric<br>Chairman of: IMS-Entreprendre pour la Cité, Institut Montaigne<br><b>Member of:</b> International Advisory Panel of the Monetary Authority of Singapore | <b>2010:</b><br><b>Honorary Chairman of AXA</b><br><b>Director of:</b> AXA Assurances Iard Mutuelle, AXA Assurances Vie Mutuelle<br><b>Member of the Supervisory Board of:</b> Vivendi<br><b>Non-voting director of:</b> Schneider Electric<br><b>Chairman of:</b> IMS-Entreprendre pour la Cité, Institut Montaigne<br><b>Member of:</b> International Advisory Panel of the Monetary Authority of Singapore | <b>2009:</b><br><b>Honorary Chairman of AXA</b><br><b>Director of:</b> AXA Assurances Iard Mutuelle, AXA Assurances Vie Mutuelle<br><b>Member of the Supervisory Board of:</b> Vivendi<br><b>Non-voting director of:</b> Schneider Electric<br><b>Chairman of:</b> IMS-Entreprendre pour la Cité, Institut Montaigne<br><b>Member of:</b> International Advisory Panel of the Monetary Authority of Singapore | <b>2008:</b><br><b>Honorary Chairman of AXA</b><br><b>Director of:</b> AXA Assurances Iard Mutuelle, AXA Assurances Vie Mutuelle<br><b>Member of the Supervisory Board of:</b> Vivendi<br><b>Non-voting director of:</b> Schneider Electric<br><b>Chairman of:</b> IMS-Entreprendre pour la Cité, Institut Montaigne<br><b>Member of:</b> International Advisory Panel of the Monetary Authority of Singapore |
|--|---|---|---|

Jean-Laurent BONNAFÉ  
Principal function<sup>(1)</sup>: Chief Executive Officer and Director of: BNP Paribas

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

Number of BNP Paribas shares held<sup>(3)</sup>: 62,545<sup>(\*)</sup>  
Office address: 3, rue d'Antin  
75002 PARIS  
FRANCE

**Functions at 31 December 2012<sup>(1)</sup>**

**Director of:** Carrefour, Banca Nazionale del Lavoro (Italy), BNP Paribas Fortis (Belgium), Erbé S.A. (Belgium)

**Functions at previous year-ends**

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

|   |   |   |   |
|---|---|---|---|
| <b>2011:</b><br><b>Chief Executive Officer and Director of:</b> BNP Paribas (from 1 December 2011)<br><b>Director of:</b> Carrefour, BNP Paribas Personal Finance, Banca Nazionale del Lavoro (Italy), BNP Paribas Fortis (Belgium) | <b>2010:</b><br><b>Chief Operating Officer and Director of:</b> BNP Paribas<br><b>Director of:</b> Carrefour, BNP Paribas Personal Finance, Banca Nazionale del Lavoro (Italy)<br><b>Chairman of:</b> Management Committee and Executive Committee of BNP Paribas Fortis (Belgium)<br><b>Chief Executive Officer of:</b> BNP Paribas Fortis (Belgium) | <b>2009:</b><br><b>Chief Operating Officer of:</b> BNP Paribas<br><b>Director of:</b> Carrefour, BNP Paribas Personal Finance, Banca Nazionale del Lavoro (Italy), BancWest Corporation, Bank of the West | <b>2008:</b><br><b>Chief Operating Officer of:</b> BNP Paribas<br><b>Director of:</b> Carrefour, BNP Paribas Personal Finance, Banca Nazionale del Lavoro (Italy) |
|---|---|---|---|

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

(2) At 23 May 2012.

(3) At 31 December 2012.

(\*) Furthermore, Jean-Laurent Bonnafé owns the equivalent of 16,289 BNP Paribas shares under the Company Savings Plan.

Pierre-André DE CHALENDAR

Principal function<sup>(1)</sup>: Chairman and Chief Executive Officer of Compagnie de Saint-Gobain

Date of birth: 12 April 1958

Term start and end dates: 23 May 2012 – 2015 AGM

First elected to the Board on: 23 May 2012

**Functions at 31 December 2012<sup>(1)</sup>**

**Chairman of:** *Verallia*

**Director of:** Veolia Environnement, Saint-Gobain Corporation,  
*GIE SGPM Recherches*

Number of BNP Paribas shares held<sup>(2)</sup>: 1,000

Office address: Les Miroirs

92096 LA DEFENSE CEDEX

FRANCE

Jean-Marie GIANNO

Principal function<sup>(1)</sup>: *Sales Associate*

Date of birth: 7 September 1952

Term start and end dates: Elected by BNP Paribas employees to a three-year term running from 16 February 2009 – 15 February 2012

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)

**Functions at 31 December 2012<sup>(1)</sup>**

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

Number of BNP Paribas shares held<sup>(3)</sup>: 10

Office address: 21, avenue Jean Médecin

06000 NICE

FRANCE

**Functions at previous year-ends**

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

**2011:**

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

**2010:**

**Member of:** Comité des établissements de crédit et des entreprises d'investissements (CECEI), *Confrontations (a European think tank)*

**2009:**

**Member of:** Comité des établissements de crédit et des entreprises d'investissements (CECEI), *Confrontations (a European think tank)*

**2008:**

**Member of:** Comité des établissements de crédit et des entreprises d'investissements (CECEI), *Confrontations (a European think tank)*

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

(2) At 31 December 2012.

(3) At 15 February 2012.

Denis KESSLER  
Principal function<sup>(1)</sup>: Chairman and Chief Executive Officer of SCOR SE

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

Number of BNP Paribas shares held<sup>(2)</sup>: 2,684  
Office address: 1, avenue du Général-de-Gaulle  
92074 PARIS LA DÉFENSE CEDEX  
FRANCE

**Functions at 31 December 2012<sup>(1)</sup>**

**Director of:** Bolloré, Dassault Aviation, Fonds Stratégique d'Investissement, Invesco Ltd (United States)

**Member of the Supervisory Board of:** Yam Invest N.V. (Netherlands)

**Member of:** Commission Economique de la Nation, Board of Directors of Association de Genève, Board of Directors of Association du Siècle, Global Reinsurance Forum, Reinsurance Advisory Board, Laboratoire d'Excellence Finance et Croissance Durable (LABEX FCD)

**Functions at previous year-ends**

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

**2011:**  
**Chairman and Chief Executive Officer of SCOR SE**

**Director of:** Bolloré, Dassault Aviation, Fonds Stratégique d'Investissement, Invesco Ltd (United States)

**Member of the Supervisory Board of:** Yam Invest N.V. (Netherlands)

**Member of:** Commission Economique de la Nation, Board of Directors of Le Siècle, Board of Directors of Association de Genève, Board of French Foundation for Medical Research, Strategic Board of the European Insurance Federation, Global Reinsurance Forum, Reinsurance Advisory Board

**2010:**  
**Chairman and Chief Executive Officer of SCOR SE**

**Director of:** Bolloré, Dassault Aviation, Fonds Stratégique d'Investissement, Invesco Ltd (United States)

**Member of the Supervisory Board of:** Yam Invest N.V. (Netherlands)

**Member of:** Commission Économique de la Nation, Board of Directors of the Siècle, Board of Directors of Association de Genève, Board of French Foundation for Medical Research, Strategic Board of the European Insurance Federation  
**Chairman of:** Reinsurance Advisory Board, Global Reinsurance Forum

**2009:**  
**Chairman and Chief Executive Officer of SCOR SE**

**Director of:** Bolloré, Dassault Aviation, Fonds Stratégique d'Investissement, Invesco Ltd (United States)

**Member of the Supervisory Board of:** Yam Invest N.V. (Netherlands)

**Non-voting director of:** Financière Acofi SA, Gimar Finance & Cie SCA

**Member of:** Commission Économique de la Nation, Conseil économique, social et environnemental, Board of Directors of Association de Genève, Board of French Foundation for Medical Research, Comité des entreprises d'assurance, Strategic Board of the European Insurance Federation

**Chairman of:** Reinsurance Advisory Board, Global Reinsurance Forum, Board of Directors of Le Siècle

**2008:**  
**Chairman and Chief Executive Officer of SCOR SE**

**Chairman of:** SCOR Global P&C SE, SCOR Global Life U.S. Re Insurance Company (United States), SCOR Global Life Re Insurance Company of Texas (United States), SCOR Reinsurance Company (United States), SCOR U.S. Corporation (United States), SCOR Holding (Switzerland) AG (Switzerland)

**Chairman of the Supervisory Board of:** SCOR Global Investments SE

**Director of:** SCOR Global Life SE, SCOR Canada Reinsurance Company (Canada), Bolloré, Dassault Aviation, Dexia SA (Belgium), Fonds Stratégique d'Investissement, Invesco Ltd (United States)

**Member of the Supervisory Board of:** Yam Invest N.V. (Netherlands)

**Non-voting director of:** Financière Acofi SA, Gimar Finance & Cie SCA

**Member of:** Commission Économique de la Nation, Conseil économique, social et environnemental, Board of Directors of Association de Genève, Board of French Foundation for Medical Research, Comité des entreprises d'assurance

**Chairman of:** Board of Directors of Le Siècle, Cercle de l'Orchestre de Paris

**Vice-Chairman of:** Reinsurance Advisory Board  
**Global Counsellor of:** The Conference Board

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

(2) At 31 December 2012.



Meglana KUNEVA

Principal function<sup>(1)</sup>: *Chairman of the Governing Board of the European Policy Centre (Brussels)*

Date of birth: 22 June 1957

Term start and end dates: 12 May 2010 – 2013 AGM

First elected to the Board on: 12 May 2010

**Functions at 31 December 2012<sup>(1)</sup>**

**Member of:** *Advisor on passenger rights to EC Vice-President Siim Kallas, European Commission, Brussels (Belgium), Member of the Board of Trustees of the American University (Bulgaria), European Council on foreign relations, Brussels (Belgium)*

Number of BNP Paribas shares held<sup>(2)</sup>: 10

Office address: Ul. Plachkovicva 1  
Vhod A  
SOFIA 1164  
BULGARIA

**Functions at previous year-ends**

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

**2011:**

**Member of:** Board of Trustees of the American University (Bulgaria)

**2010:**

**Member of:** Board of Trustees of the American University (Bulgaria)

Jean-François LEPETIT

Principal function<sup>(1)</sup>: Director of companies

Date of birth: 21 June 1942

Term start and end dates: 11 May 2011 – 2014 AGM

First elected to the Board on: 5 May 2004

**Functions at 31 December 2012<sup>(1)</sup>**

**Director of:** Smart Trade Technologies SA, Shan SA  
**Member of:** Board of the Qatar Financial Center Regulatory Authority (QFCRA), Doha (Qatar), Conseil de régulation financière et du risque systémique (COREFRIS)

Number of BNP Paribas shares held<sup>(2)</sup>: 8,749

Office address: 30, boulevard Diderot  
75572 PARIS CEDEX 12  
FRANCE

**Functions at previous year-ends**

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

**2011:**

**Director of:** Smart Trade Technologies SA, Shan SA  
**Member of:** Board of the Qatar Financial Centre Regulatory Authority (Doha)

**2010:**

**Director of:** Smart Trade Technologies SA, Shan SA  
**Member of:** Board of the Qatar Financial Centre Regulatory Authority (Doha)

**2009:**

**Director of:** Smart Trade Technologies SA, Shan SA  
**Member of:** Board of the Qatar Financial Centre Regulatory Authority (Doha), Board of the Autorité des Marchés Financiers, Conseil de normalisation des comptes publics

**2008:**

**Director of:** Smart Trade Technologies SA, Shan SA  
**Member of:** Board of the Qatar Financial Centre Regulatory Authority (Doha), Board of the Autorité des Marchés Financiers

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

(2) At 31 December 2012.

Nicole MISSON  
Principal function<sup>(1)</sup>: *Customer Advisor*

Date of birth: 21 May 1950  
*Term start and end dates:* Elected by BNP Paribas executives to a three-year term running from 16 February 2012 – 15 February 2015  
*First elected to the Board on:* 1 July 2011

**Functions at 31 December 2012<sup>(1)</sup>**  
*Judge at the Paris Employment Tribunal, Management Section, Member of the Commission Paritaire de la Banque (Association Française des Banques – Recourse Commission)*

*Number of BNP Paribas shares held<sup>(2)</sup>:* 174  
Office address: 22, rue de Clignancourt  
75018 PARIS  
FRANCE

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

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

Thierry MOUCHARD  
Principal function<sup>(1)</sup>: *Administrative Assistant, Customer Transactions Department*

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

**Functions at 31 December 2012<sup>(1)</sup>**  
None

*Number of BNP Paribas shares held<sup>(2)</sup>:* 10  
Office address: 41 Boulevard du Maréchal Foch  
49000 ANGERS  
FRANCE

Laurence PARISOT  
Principal function<sup>(1)</sup>: *Vice-Chairman of the Board of Directors of IFOP SA*

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

**Functions at 31 December 2012<sup>(1)</sup>**  
**Chairman of:** *Mouvement des Entreprises de France (MEDEF)*  
**Director of:** Coface SA  
**Member of the Supervisory Board of:** *Compagnie Générale des Etablissements Michelin (SCA)*

*Number of BNP Paribas shares held<sup>(2)</sup>:* 755  
Office address: 6/8, rue Eugène-Oudiné  
75013 PARIS  
FRANCE

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

**2011:**  
**Vice-Chairman of the Board of Directors of IFOP SA**  
**Chairman of:** *Mouvement des Entreprises de France (MEDEF)*  
**Director of:** Coface SA  
**Member of the Supervisory Board of:** *Compagnie Générale des Etablissements Michelin (SCA)*

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

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

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

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

(2) *At 31 December 2012.*

Hélène PLOIX

Principal function<sup>(1)</sup>: *Chairman of Pechel Industries SAS, Pechel Industries Partenaires SAS and FSH SAS*

Date of birth: 25 September 1944

Term start and end dates: 11 May 2011 – 2014 AGM

First elected to the Board on: 21 March 2003

Number of BNP Paribas shares held<sup>(2)</sup>: 1,609

Office address: 162, rue du Faubourg Saint Honoré  
75008 PARIS  
FRANCE

**Functions at 31 December 2012<sup>(1)</sup>**

**Director of:** Lafarge, Ferring SA (Switzerland), Sofina (Belgium), Genesis Emerging Markets Fund Limited (Guernsey)

**Permanent Representative of:** Pechel Industries Partenaires SAS: Ypso Holding (Luxembourg), Goëmar Holding (Luxembourg), Store Electronic Systems (France)

**Member of the Supervisory Board of:** Publicis Groupe, Goëmar Développement, Laboratoires Goëmar

**Manager of:** *Hélène Ploix SARL, Hélène Marie Joseph SARL, Sorepe Société Civile*

**Member of:** *Institut Français des Administrateurs (IFA), Organisation Métrologique Mondiale (OMM)*

**Functions at previous year-ends**

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

**2011:**

**Chairman of** Pechel Industries SAS, Pechel Industries Partenaires SAS and FSH SAS  
**Director of:** Lafarge, Ferring SA (Switzerland), Sofina (Belgium)

**Permanent Representative of:** Pechel Industries Partenaires SAS to Ypso Holding (Luxembourg), Goëmar Développement (France), Laboratoires Goëmar (France), Goëmar Holding (Luxembourg), Store Electronic Systems (France)

**Member of the Supervisory**

**Board of:** Publicis Groupe  
**Manager of:** Hélène Ploix SARL, Hélène Marie Joseph SARL, Sorepe Société Civile, Goëmar Holding (Luxembourg)  
**Member of:** United Nations Joint Staff Pension Fund Investment Committee (until end of 2011), Independent Expert Oversight Advisory Committee (IEOAC) of the World Health Organization (WHO), Institut Français des Administrateurs

**2010:**

**Chairman of** Pechel Industries SAS, Pechel Industries Partenaires SAS and FSH SAS  
**Director of:** Lafarge, Ferring SA (Switzerland), Completel NV (Netherlands), Institut

Français des Administrateurs  
**Permanent Representative of:** Pechel Industries Partenaires SAS to Ypso Holding (Luxembourg)

**Member of the Supervisory**

**Board of:** Publicis Groupe  
**Manager of:** Hélène Ploix SARL, Hélène Marie Joseph SARL, Sorepe Société Civile  
**Member of:** United Nations Joint Staff Pension Fund Investment Committee, Independent Expert Oversight Advisory Committee (IEOAC) of the World Health Organization (WHO)

**2009:**

**Chairman of** Pechel Industries SAS and Pechel Industries Partenaires SAS

**Director of:** Lafarge, Ferring SA (Switzerland), Completel NV (Netherlands), Institut

Français des Administrateurs  
**Permanent Representative of:** Pechel Industries Partenaires to Ypso Holding (Luxembourg)

**Member of the Supervisory**

**Board of:** Publicis Groupe  
**Manager of:** Hélène Ploix SARL, Hélène Marie Joseph SARL, Sorepe Société Civile  
**Member of:** United Nations Joint Staff Pension Fund Investment Committee

**2008:**

**Chairman of** Pechel Industries SAS and Pechel Industries Partenaires SAS

**Director of:** Lafarge, Ferring SA (Switzerland), Completel NV (Netherlands)

**Permanent Representative of:** Pechel Industries Partenaires to Ypso Holding (Luxembourg)

**Member of the Supervisory**

**Board of:** Publicis Groupe  
**Manager of:** Hélène Ploix SARL, Hélène Marie Joseph SARL, Sorepe Société Civile  
**Member of:** United Nations Joint Staff Pension Fund Investment Committee

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

(2) At 31 December 2012.

Louis SCHWEITZER

Principal function<sup>(1)</sup>: *Chairman of France Initiative – Honorary Chairman of Renault*

Date of birth: 8 July 1942

Term start and end dates: 12 May 2010 – 2013 AGM

First elected to the Board on: 14 December 1993

Number of BNP Paribas shares held<sup>(2)</sup>: 25,233

Office address: 8-10, avenue Émile-Zola  
92109 BOULOGNE-BILLANCOURT  
CEDEX  
FRANCE

**Functions at 31 December 2012<sup>(1)</sup>**

**Director of:** L'Oréal, Veolia Environnement

**Member of the Advisory Committee of:** *Allianz (Germany), Bosch (Germany)*

**Member of the Board of:** *Fondation Nationale des Sciences Politiques, Musée du quai Branly*

**Chairman of:** *Festival d'Avignon, MC 93*

**Functions at previous year-ends**

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

**2011:**

**Chairman of:** France Initiative

Honorary Chairman of: Renault

**Chairman of the Board of**

**Directors of:** AstraZeneca Plc (United Kingdom), AB Volvo (Sweden)

**Director of:** L'Oréal, Veolia Environnement

**Member of the Advisory**

**Committee of:** Allianz (Germany), Bosch (Germany)

**Member of the Board of:** Fondation Nationale des Sciences Politiques, Musée du quai Branly

**Chairman of:** Festival d'Avignon, MC 93

**2010:**

**Honorary Chairman of:** Renault

**Chairman of the Board of**

**Directors of:** AstraZeneca Plc (United Kingdom), AB Volvo (Sweden)

**Director of:** L'Oréal, Veolia Environnement

**Member of the Advisory**

**Committee of:** Banque de France, Allianz (Germany)

**Member of the Board of:** Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du quai Branly

**2009:**

**Chairman of the Board of**

**Directors of:** Renault

**Chairman of the Board of**

**Directors of:** AstraZeneca Plc (United Kingdom)

**Chairman of the Supervisory**

**Board of:** Le Monde & Partenaires Associés SAS, Le Monde SA, Société Éditrice du Monde

**Director of:** L'Oréal, Veolia Environnement, AB Volvo (Sweden)

**Chairman of:** Haute Autorité de Lutte contre les Discriminations et pour l'Égalité (HALDE)

**Member of the Advisory**

**Committee of:** Banque de France, Allianz (Germany)

**Member of the Board of:** Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du quai Branly

**2008:**

**Chairman of the Board of**

**Directors of:** Renault

**Chairman of the Board of**

**Directors of:** AstraZeneca Plc (United Kingdom)

**Chairman of the Supervisory**

**Board of:** Le Monde & Partenaires Associés SAS, Le Monde SA, Société Éditrice du Monde

**Director of:** L'Oréal, Veolia Environnement, AB Volvo (Sweden)

**Chairman of:** Haute Autorité de Lutte contre les Discriminations et pour l'Égalité (HALDE)

**Member of the Advisory**

**Committee of:** Banque de France, Allianz (Germany)

**Member of the Board of:** Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du Louvre, Musée du quai Branly

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

(2) At 31 December 2012.

Michel TILMANT  
Principal function<sup>(1)</sup>: *Manager of Strafin sprl (Belgium)*

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

*Number of BNP Paribas shares held*<sup>(2)</sup>: 500  
*Office address:* Rue du Moulin 10  
B – 1310 La Hulpe  
BELGIUM

**Functions at 31 December 2012<sup>(1)</sup>**

**Chairman of:** *Guardian Holdings Limited (Jersey), Guardian Acquisitions Limited (United Kingdom)*  
**Director of:** *Sofina SA (Belgium), Groupe Lhoist SA (Belgium), Foyer Assurances SA (Luxembourg), CapitalatWork Foyer Group SA (Luxembourg), Université Catholique de Louvain (Belgium), Royal Automobile Club of Belgium (Belgium)*  
**Senior Advisor:** *Cinven Ltd (United Kingdom)*

**Functions at previous year-ends**

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

|   |   |
|---|---|
| <b>2011:</b><br><b>Chairman of:</b> Green Day Holdings Limited (Jersey), Green Day Acquisitions Limited (U.K.)<br><b>Director of:</b> Sofina SA (Belgium), Groupe Lhoist SA (Belgium), Foyer Assurances SA (Luxembourg), CapitalatWork Foyer Group SA (Luxembourg), Université Catholique de Louvain (Belgium), Royal Automobile Club of Belgium<br><b>Senior Advisor at:</b> Cinven Ltd (U.K.) | <b>2010:</b><br><b>Senior Advisor at:</b> Cinven Ltd (U.K.)<br><b>Director of:</b> Sofina SA (Belgium), Groupe Lhoist SA (Belgium), Foyer Assurances SA (Luxembourg), CapitalatWork Foyer Group SA (Luxembourg), Université Catholique de Louvain (Belgium), Royal Automobile Club of Belgium (Belgium) |
|---|---|

Emiel VAN BROEKHOVEN  
Principal function<sup>(1)</sup>: *Economist, Honorary Professor at the University of Antwerp (Belgium)*

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

*Number of BNP Paribas shares held*<sup>(2)</sup>: 550  
*Office address:* Zand 7 – 9  
B – 2000 Antwerp  
BELGIUM

**Functions at previous year-ends**

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

|                      |                      |
|----------------------|----------------------|
| <b>2011:</b><br>None | <b>2010:</b><br>None |
|----------------------|----------------------|

**Functions at 31 December 2012<sup>(1)</sup>**

None

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

(2) At 31 December 2012.

Daniela WEBER-REY  
Principal function<sup>(1)</sup>: *Partner at Clifford Chance, Frankfurt, Germany*

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

Number of BNP Paribas shares held<sup>(2)</sup>: 2,148  
Office address: Mainzer Landstrasse 46  
D 60325 – FRANKFURT AM MAIN  
GERMANY

**Functions at 31 December 2012<sup>(1)</sup>**

**Member of:** *German Government's Code of Corporate Governance Commission, Stakeholder Group of the European Insurance and Occupational Pensions Authority (EIOPA), Clifford Chance Partnership Council, Board member European Corporate Governance Institute (ECGI), Brussels (Belgium), Advisory board member International Institute for Insurance Regulation (ICIR), Frankfurt (Germany)*

**Functions at previous year-ends**

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

**2011:**

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

**2010:**

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

**2009:**

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

**2008:**

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

Fields WICKER-MIURIN

Principal function<sup>(1)</sup>: *Co-founder and Partner at Leaders' Quest (United Kingdom)*

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

Number of BNP Paribas shares held<sup>(2)</sup>: 139  
Office address: 3 – 5 Richmond Hill  
Richmond, Surrey TW10 6RE  
United Kingdom

**Functions at 31 December 2012<sup>(1)</sup>**

**Director of:** *CDC Group Plc, Ballarpur International Graphic Paper Holdings*  
**Member of:** *Board of Battex School of Leadership – University of Virginia (United States)*

**Functions at previous year-ends**

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

**2011:**

**Director of:** CDC Group Plc, Ballarpur International Graphic Paper Holdings  
**Member of:** Board of Battex School of Leadership – University of Virginia

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

(2) At 31 December 2012.



## Legal and Arbitration Proceedings

Following discussions with the U.S. Department of Justice and the New York County District Attorney's Office, among other U.S. regulators and law enforcement and other governmental authorities, the Bank is conducting an internal review of certain U.S. dollar payments involving countries, persons and entities that could be subject to economic sanctions under U.S. law in order to determine whether the Bank has, in the conduct of its business, complied with such laws. The review covers a significant volume of transactions that, even though they may not have been prohibited by the laws of the countries of the Bank entities that initiated them, may be considered impermissible under U.S. regulations (and, in particular, those of the Office of Foreign Assets Control). When the Bank completes this review, it will present its findings and arguments to the U.S. authorities. The Bank is not currently able, on the basis of the transactions identified to date, to estimate without a substantial degree of uncertainty the specific amount or even the general magnitude of the possible consequences of this review (including in terms of fines or penalties) on its results of operation and financial condition. The timing of completion of the review process and subsequent discussions with the U.S. authorities is also uncertain. It should be noted that similar reviews conducted by numerous other financial institutions have often resulted in settlements involving in particular the payment of significant fines and/or penalties depending on the circumstances of each matter.

Legal action has been taken against several Algerian and international banks, including BNP Paribas El Djazair, a BNP Paribas SA subsidiary, for administrative errors in processing international trade financing applications. BNP Paribas El Djazair has been accused of non-compliance with foreign exchange regulations in seven cases before Algerian courts. BNP Paribas El Djazair was ordered by a lower court to pay fines of approximately EUR 200 million. Three of these cases were subsequently overturned on appeal, including the case involving the most significant amount (EUR 150 million). Two other appeals rulings have upheld fines totalling EUR 52 million. All of these rulings have been appealed before the Cassation Court, and execution has been suspended pending the outcome of these appeals pursuant to Algerian law. BNP Paribas El Djazair will continue to vigorously defend itself before the Algerian courts with a view to obtaining recognition of its good faith towards the authorities, which suffered no actual damage.

On 27 June 2008, the Republic of Iraq filed a lawsuit in New York against approximately 90 international companies that participated in the oil-for-food ("OFF") programme and against BNP Paribas as holder of the OFF account on behalf of the United Nations. The complaint alleges, notably, that the defendants conspired to defraud the OFF programme, thereby depriving the Iraqi people of more than USD 10 billion in food, medicine and other humanitarian goods. The complaint also contends that BNP Paribas breached purported fiduciary duties and contractual obligations created by the banking services agreement binding BNP Paribas and the United Nations. The complaint is pleaded under the US Racketeer Influenced and Corrupt Organisations Act ("RICO") which allows treble damages if damages are awarded. The complaint has been served and the defendants, including BNP Paribas, moved to dismiss the action in its entirety on a number of different legal grounds. Oral arguments took place in October 2012. On 6 February 2013, the complaint was dismissed by the United States District Court Southern District of New York (which means that the plaintiff does not have the opportunity to re-file an amended complaint). On 15 February 2013, the Republic of Iraq filed a notice of appeal before the United States Court of Appeals for the Second Circuit.

The Bank and certain of its subsidiaries are defendants in several actions pending before the United States Bankruptcy Court Southern District of New York brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC ("BLMIS"). These actions, known generally as "clawback claims", are similar to those brought by the BLMIS Trustee against numerous institutions, and seek recovery of amounts allegedly received by the BNP Paribas entities from BLMIS or indirectly through BLMIS-related "feeder funds" in which BNP Paribas entities held interests. The BLMIS Trustee claims in these actions that the amounts which BNP Paribas entities received are avoidable and recoverable under the U.S. Bankruptcy Code and New York state law. In the aggregate, the amounts sought to be recovered in these actions approximates \$1.2 billion. BNP Paribas has substantial and credible defenses to these actions and is defending against them vigorously.

Various legal disputes and enquiries are ongoing relating to the restructuring of the Fortis Group, now Ageas, of which BNP Paribas Fortis is no longer part, and to events having occurred before BNP Paribas Fortis became part of the BNP Paribas Group. Among these disputes are litigations brought by shareholder groups in The Netherlands and Belgium against (among others) Ageas and BNP Paribas Fortis, in the context of the capital increase of Fortis (now Ageas) completed in October 2007 in connection with the acquisition of ABN Amro Bank N.V.. The Bank is vigorously defending itself in these proceedings.

There are no other government, legal or arbitration proceedings of which the Company is aware that are likely to have or have had within the last 12 months a significant impact on the financial position or profitability of the Company and/or Group.

## RISK FACTORS

*Not all of the risk factors described below will be applicable to a particular series of the Structured Products. Please consider all risks carefully prior to investing in any Structured Products and consult your professional independent financial adviser and legal, accounting, tax and other advisers with respect to any investment in the Structured Products. Please read the following section together with the risk factors set out in the relevant supplemental listing document.*

### **General risks in relation to us and the Guarantor** *No deposit liability or debt obligation*

#### *Structured Products are unsecured obligations*

The Structured Products are not secured on any of our or the Guarantor's assets or any collateral. Each series of Structured Products will constitute our general unsecured contractual obligations and the general unsecured contractual obligations of the Guarantor and of no other person and will rank *pari passu* with our other unsecured contractual obligations and the unsecured and unsubordinated debt of the Guarantor. At any given time, the number of Structured Products outstanding may be substantial.

#### *Creditworthiness*

If you purchase our Structured Products, you are relying upon our creditworthiness and the creditworthiness of the Guarantor and have no rights under the Structured Products against:

- (a) any company which issues the underlying shares;
- (b) the trustee or the manager of the underlying trust; or
- (c) any index compiler of the underlying index

As our obligations under the Structured Products are unsecured, we do not guarantee the repayment of capital invested in any Structured Product.

If we become insolvent or default on our obligations under the Structured Products or the Guarantor becomes insolvent or defaults on its obligations under the Guarantee, you can only claim as our or the Guarantor's unsecured creditor regardless of the performance of the underlying asset and you may not be able to recover all or even part of the amount due under the Structured Products (if any).

Any downgrading of the Guarantor's rating by rating agencies such as Moody's, Standard & Poor's or Fitch Ratings could result in a reduction in the trading value of the Structured Products.

In respect of cash settled Structured Products, we have the obligation to deliver to you the Cash Settlement Amount (net of any Exercise Expenses) in accordance with the Conditions of each series of Structured Products upon expiry.

It is not our intention by the issue of any Structured Product (expressed, implicit or otherwise) to create a deposit liability of us or the Guarantor or a debt obligation of any kind.

#### *Conflicts of interest*

The BNP Group engages in commercial, banking and other activities for our own account or the account of others and, in connection with our other business activities, may possess or acquire material information about the Underlying Assets to which the relevant Structured Product is linked. Such activities may involve or otherwise affect the Underlying Assets in a manner that may cause consequences adverse to you or otherwise create conflicts of interests in connection with the issue of Structured Products by us. Such actions and conflicts may include, without limitation, the purchase and sale of securities and/or exercise of creditor rights. The BNP Group:

- (a) has no obligation to disclose such information about the Underlying Assets or such activities. The BNP Group and our respective officers and directors may engage in any such activities without regard to the issue of Structured Products by us or the effect that such activities may directly or indirectly have on any Structured Product;
- (b) may from time to time engage in transactions involving the Underlying Assets for its accounts and/or for accounts under its management and/or to hedge against the market risk associated with issuing the Structured Products. Such transactions may have a positive or negative effect on the price/level of the Underlying Assets and consequently upon the value of the relevant series of Structured Products;

- (c) may from time to time act in other capacities with regard to the Structured Products, such as in an agency capacity and/or as the liquidity provider; and/or
- (d) may issue other derivative instruments in respect of the Underlying Assets and the introduction of such competing products into the market place may affect the value of the relevant series of Structured Products.

*The value of the Structured Products may be disproportionate with or opposite to movement in the price/level/exchange rate of the Underlying Assets*

An investment in Structured Products is not the same as owning the Underlying Assets or having a direct investment in the Underlying Assets. The market values of Structured Products are linked to the relevant Underlying Assets and will be influenced (positively or negatively) by it or them but any change may not be comparable and may be disproportionate. It is possible that while the price/level/exchange rate of the Underlying Assets is moving up, the value of the Structured Product is falling.

### **General risks in relation to Structured Products**

*You may lose all your investment in the Structured Products*

Structured Products involve a high degree of risk, and are subject to a number of risks which may include interest rate, foreign exchange, time value, market and/or political risks. Structured Products may expire worthless.

If you intend to purchase any series of Structured Products to hedge against the market risk associated with investing in an Underlying Asset specified in the relevant supplemental listing document, you should recognise the complexities of utilising Structured Products in this manner. For example, the value of the Structured Products may not exactly correlate with the price/level/exchange rate of the Underlying Asset. Due to fluctuations in supply and demand for Structured Products, there is no assurance that their value will correlate with movements of the Underlying Asset. The Structured Products may not be a perfect hedge to the Underlying Asset or portfolio of which the Underlying Asset forms a part.

Generally speaking, options, warrants and equity linked instruments are priced primarily on the basis of the price/level/exchange rate of the Underlying Asset, the volatility of the Underlying Asset's price/level/exchange rate and the time remaining to expiry of the Structured Product.

It may not be possible to liquidate the Structured Products at a level which directly reflects the price/level/exchange rate of the Underlying Asset or portfolio of which the Underlying Asset forms a part. Therefore, it is possible that you could suffer substantial losses in the Structured Products in addition to any losses suffered with respect to investments in or exposures to the Underlying Asset.

The price of Structured Products generally may fall in value as rapidly as they may rise and you should be prepared to sustain a significant or total loss of the purchase price of the Structured Products. Assuming all other factors are held constant, the more the underlying share price, unit price, index level or exchange rate of a Structured Product moves in a direction against you, the greater the risk that you will lose all or a significant part of your investment.

#### *Possible illiquidity of secondary market*

The risk of losing all or any part of the purchase price of a Structured Product means that, in order to recover and realise a return on your investment, you must generally anticipate correctly the direction, timing and magnitude of any change in the price/level/exchange rate of the Underlying Asset as may be specified in the relevant supplemental listing document.

It is not possible to predict if and to what extent a secondary market may develop in any series of Structured Products and at what price such series of Structured Products will trade in the secondary market and whether such market will be liquid or illiquid. The fact that the Structured Products are listed does not necessarily lead to greater liquidity than if they were not listed.

Changes in the price/level/exchange rate of an Underlying Asset can be unpredictable, sudden and large and such changes may result in the price/level/exchange rate of the Underlying Asset moving in a direction which will negatively impact upon the return on your investment. You therefore risk losing your entire investment if the price/level/exchange rate of the relevant Underlying Asset does not move in your anticipated direction.

If any series of Structured Products are not listed or traded on any exchange, pricing information for such series of Structured Products may be difficult to obtain and the liquidity of that series of Structured Products may be adversely affected.

The liquidity of any series of Structured Products may also be affected by restrictions on offers and sales of the Structured Products in some jurisdictions.

Transactions in off-exchange Structured Products may be subject to greater risks than dealing in exchange-traded Structured Products. To the extent that any Structured Products of a series is closed out, the number of Structured Products outstanding in that series will decrease, which may result in a lessening of the liquidity of Structured Products. A lessening of the liquidity of the affected series of Structured Products may cause, in turn, an increase in the volatility associated with the price of such Structured Products.

While we have appointed, or will appoint, a liquidity provider for the purposes of making a market for each series of Structured Products, there may be circumstances outside our control or the appointed liquidity provider's control where the appointed liquidity provider's ability to make a market in some or all series of Structured Products is limited, restricted and/or, without limitation, frustrated. The more limited the secondary market, the more difficult it may be for you to realise the value of the Structured Products prior to expiry.

#### *Interest rates*

Investments in the Structured Products may involve interest rate risk with respect to the currency of denomination of the Underlying Assets and/or the Structured Products. A variety of factors influence interest rates such as macro economic, governmental, speculative and market sentiment factors. Such fluctuations may have an impact on the value of the Structured Products at any time prior to valuation of the Underlying Assets relating to the Structured Products.

#### *Time decay*

The settlement amount of certain series of Structured Products at any time prior to expiration may be less than the trading price of such Structured Products at that time. The difference between the trading price and the settlement amount will reflect, among other things, a "time value" of the Structured Products. The "time value" of the Structured Products will depend partly upon the length of the period remaining to expiration and expectations concerning the price/level/ exchange rate of the Underlying Assets. The value of a Structured Product will decrease over time. Therefore, the Structured Products should not be viewed as products for long term investments.

#### *Exchange rate risk*

There may be an exchange rate risk in the case of cash settled Structured Products where the Cash Settlement Amount will be converted from a foreign currency into the Settlement Currency. Exchange rates between currencies are determined by forces of

supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Structured Products. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies.

#### *Possible early termination for illegality or impracticability*

If the Conditions provide for termination due to illegality and we determine in good faith and in a commercially reasonable manner that, for reasons beyond our control, the performance of (i) our obligations under the relevant Structured Products or (ii) our Guarantor's obligations under the Guarantee has become illegal or impracticable, we may terminate early the relevant Structured Products. If we terminate early the relevant Structured Products, we will, if and to the extent permitted by applicable law, pay an amount determined by us in good faith and in a commercially reasonable manner to be the fair market value of the relevant Structured Products notwithstanding the illegality or impracticability less our cost of unwinding the underlying hedging arrangements. Such amount may be substantially less than your initial investment and may be zero.

#### *Certain payments on Structured Products may be subject to U.S. withholding tax under the U.S. Foreign Account Tax Compliance rules ("FATCA") and the dividend equivalent withholding rules*

Under FATCA, it is possible that a 30 percent withholding tax could apply to certain payments on Structured Products of dividends or interest from sources within the United States beginning in 2014, and to the gross proceeds from the sale or disposition of Structured Products that can produce U.S. source dividend or interest income beginning in 2015. Withholding on certain "passthru payments" made on Structured Products may also apply beginning in 2017. In addition, under recently proposed regulations, beginning in 2013, a 30 percent withholding tax would be imposed on certain "dividend equivalent" payments on Structured Products (including in certain cases, payments of the purchase price or an adjustment to the purchase price of a Structured Product) that are contingent upon or determined by reference to the payment of a dividend from sources within the United States. See the



section headed “TAXATION – Taxation in the United States of America” for a more detailed discussion of FATCA.

### **Modification to the Conditions**

Under the Conditions, we may, without your consent, effect any modification of the terms and conditions applicable to the Structured Products which, in our opinion, is:

- (a) not materially prejudicial to the interest of the holders of the Structured Products generally (without considering the circumstances of any individual Holder or the tax or other consequences of such modification in any particular jurisdiction);
- (b) of a formal, minor or technical nature;
- (c) to correct a manifest error; or
- (d) necessary in order to comply with mandatory provisions of the laws or regulations of Hong Kong.

### **Risks in relation to the Underlying Asset**

#### *You have no right to the Underlying Asset*

Unless specifically indicated in the Conditions, you will not be entitled to:

- (a) voting rights or rights to receive dividends or other distributions or any other rights that a holder of the underlying shares or units in the underlying trust would normally be entitled to; or
- (b) voting rights or rights to receive dividends or other distributions or any other rights with respect to any company constituting any underlying index.

#### *Valuation risk*

An investment in Structured Products may involve valuation risks in relation to the Underlying Asset to which the particular series of Structured Products relate. The price/ level/exchange rate of the Underlying Asset may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macro economic factors, market trends, speculation and/or (where the Underlying Asset is an index) changes in the formula for or the method of calculating the index.

Where the Structured Products are linked to certain Underlying Asset in a developing financial market, you should note a developing financial market differs

from most developed markets in various aspects, including the growth rate, government involvement and control, level of development and foreign exchange control. Any rapid or significant changes in the economic, political or social condition and the government policies of the developing financial market may result in large fluctuations in the value or level of the Underlying Asset. Such fluctuations may affect the market value of the Structured Products and hence your investment return.

Where the Structured Products are linked to a currency pair as the Underlying Asset, you should note that the foreign exchange market can be very volatile and unpredictable. Exchange rate of the currencies may fluctuate as a result of market, economic and/or political conditions in the principal financial centres of the countries of the currencies and also in other countries. For example, it can be affected by change of governments’ monetary or foreign exchange policies, rates of inflation, interest rate levels and the extent of governmental surpluses or deficits in the relevant countries. Such fluctuations may affect the market value of the Structured Products and hence your investment return.

You must be experienced in dealing in these types of Structured Products and must understand the risks associated with dealing in such products. You should reach an investment decision only after careful consideration, with your advisers, of the suitability of any Structured Product in light of your particular financial circumstances, the information regarding the relevant Structured Product and the particular Underlying Asset to which the value of the relevant Structured Product relates.

#### *Adjustment related risk*

Certain events relating to the Underlying Asset require or, as the case may be, permit us to make certain adjustments or amendments to the Conditions. You have limited anti-dilution protection under the Conditions. We may, in our sole discretion:

- (a) in respect of Structured Products relating to single equities or unit trust, adjust, among other things, the Entitlement, the Exercise Price/ Strike Price and the Call Price (if applicable) upon exercise or any other terms (including without limitation the closing price of the Underlying Asset) of any series of Structured Products for events such as rights issue, bonus issue, subdivision, consolidation, restructuring event or certain cash distribution;
- (b) in respect of Structured Products relating to an index, determine the Closing Level;

- (c) in respect of Structured Products relating to a commodity or commodity futures, adjust, among other things, the Closing Price and if applicable, the Price Source and/or the Exchange Rate; or
- (d) in respect of Structured Products relating to a currency pair, adjust, among other things, the Spot Rate and the Settlement Exchange Rate (if applicable).

However, we are not obliged to make an adjustment for every event that may affect an Underlying Asset, in which case the market price of the Structured Products and the return upon the expiry of the Structured Products may be affected.

In the case of Structured Products which relate to an index, the level of the index may be published by the index compiler at a time when one or more components comprising the index are not trading. If this occurs on the Valuation Date which does not constitute a Market Disruption Event under the Conditions, then the Closing Level of the index is calculated by reference to the remaining components in the index. In addition, certain events relating to the index (including a material change in the formula or the method of calculating the index or a failure to publish the index) permit us to determine the level of the index on the basis of the formula or method last in effect prior to such change in formula or method.

#### *Suspension of trading*

If an Underlying Asset is suspended from trading or dealing for whatever reason on the market on which it is listed or dealt in (including the Stock Exchange), trading in the relevant series of Structured Products may be suspended for a similar period. The value of the Structured Products will decrease over time as the length of the period remaining to expiration becomes shorter. You should note that in the case of a prolonged suspension period, the market price of the Structured Products may be subject to a significant impact of time decay of such prolonged suspension period and may fluctuate significantly upon resumption of trading after the suspension period of the Structured Products. This may adversely affect your investment in the Structured Products.

#### *Delay in settlement*

Unless otherwise specified in the relevant Conditions, in the case of any termination or expiry, as the case may be, of Structured Products, there may be a time lag between the date on which the Structured Products are terminated or expire, and the time the applicable settlement amount is paid to you. Any

such delay between the time of termination or expiry and the payment of the settlement amount will be specified in the relevant Conditions.

However, such delay could be significantly longer, particularly in the case of a delay in the termination or expiry of such Structured Products arising from a determination by us that a Market Disruption Event, Settlement Disruption Event or delisting of the underlying shares or units in the underlying trust has occurred at any relevant time or that adjustments are required in accordance with the Conditions.

That applicable settlement amount may change significantly during any such period, and such movement or movements could decrease or modify the settlement amount or entitlement value (as the case may be) of the Structured Products.

You should note that in the event of there being a Settlement Disruption Event or a Market Disruption Event, payment of the Cash Settlement Amount may be delayed as more fully described in the Conditions.

#### **Risks relating to Structured Products over trusts**

In the case of Structured Products which relate to the units of a trust:

- (a) the BNP Group is not able to control or predict the actions of the trustee or the manager of the relevant trust. Neither the trustee nor the manager of the relevant trust (i) is involved in the offer of any Structured Product in any way, or (ii) has any obligation to consider the interest of the holders of any Structured Product in taking any actions that might affect the value of any Structured Product; and
- (b) we have no role in the relevant trust. The trustee or manager of the relevant trust is responsible for making investment and other trading decisions with respect to the management of the relevant trust consistent with its investment objectives and in compliance with the investment restrictions as set out in the constitutive documents of the relevant trust. The manner in which the relevant trust is managed and the timing of actions may have a significant impact on the performance of the relevant trust. Hence, the market price of the relevant units is also subject to these risks.



### *Exchange traded funds*

In the case of Structured Products linked to units of an exchange traded fund (“ETF”), you should note that:

- (a) an ETF is exposed to the economic, political, currency, legal and other risks of a specific sector or market related to the underlying asset pool or index or market that the ETF is designed to track;
- (b) there may be disparity between the performance of the ETF and the performance of the underlying asset pool or index or market that the ETF is designed to track as a result of, for example, failure of the tracking strategy, currency differences, fees and expenses; and
- (c) where the underlying asset pool or index or market that the ETF tracks is subject to restricted access, the efficiency in the unit creation or redemption to keep the price of the ETF in line with its net asset value may be disrupted, causing the ETF to trade at a higher premium or discount to its net asset value. Hence, the market price of the Structured Products will also be indirectly subject to these risks.

### *Synthetic exchange traded funds*

Additionally, where the Underlying Asset of Structured Products comprises the units of an ETF adopting a synthetic replication investment strategy to achieve its investment objectives by investing in financial derivative instruments linked to the performance of an underlying asset pool or index that the ETF is designed to track (“**Synthetic ETF**”), you should note that:

- (a) investments in financial derivative instruments will expose the Synthetic ETF to the credit, potential contagion and concentration risks of the counterparties who issued such financial derivative instruments. As such counterparties are predominantly international financial institutions, the failure of one such counterparty may have a negative effect on other counterparties of the Synthetic ETF.

Even if the Synthetic ETF has collateral to reduce the counterparty risk, there may still be a risk that the market value of the collateral has fallen substantially when the Synthetic ETF seeks to realise the collateral; and

- (b) the Synthetic ETF may be exposed to higher liquidity risk if the Synthetic ETF invests in financial derivative instruments which do not have an active secondary market.

The above risks may have a significant impact on the performance of the relevant ETF or Synthetic ETF and hence the market price of Structured Products linked to such ETF or Synthetic ETF.

### **Risk Relating to CBBCs**

#### *Correlation between the price of a CBBC and the price/level of the Underlying Asset*

When the Underlying Asset of a CBBC is trading at a price/level close to its Call Price/Call Level, the price of that CBBC tends to be more volatile and any change in the value of that CBBC at such time may be incomparable and disproportionate with the change in the price/level of the Underlying Asset.

#### *Payout under CBBCs*

It is expected that the value of each entitlement of CBBCs tends to mirror the value of the Underlying Asset. However, you are warned that the price of CBBCs will be determined not only by the trading value of the Underlying Asset but also by the impact of financing costs and/or dividends during the period in which the CBBCs are held by you. In particular, when the value of the Underlying Asset is close to the Call Price/Call Level, the price of the CBBCs will be more volatile.

#### *Mandatory Call Event is irrevocable*

A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:

- (a) system malfunction or other technical errors of HKEx (such as the setting up of wrong Call Price/Call Level and other parameters); or
- (b) manifest errors caused by the relevant third party price source (such as miscalculation of the index level by the relevant index compiler),

and in each case, we agree with the Stock Exchange that such Mandatory Call Event is to be revoked within such time as specified in the relevant supplemental listing document following the trading day on which the Mandatory Call Event is triggered. Upon revocation of the Mandatory Call Event, trading of the CBBCs will resume and any trade cancelled after such Mandatory Call Event will be reinstated.

#### *Non-recognition of Post MCE Trades*

The Stock Exchange and its recognised exchange controller, HKEx, shall not incur any liability (whether based on contract, tort (including, without limitation, negligence), or any other legal or equitable grounds and, without regard to the circumstances giving rise to any purported claim

(except in the case of wilful misconduct on the part of the Stock Exchange and/or HKEx) for any direct, consequential, special, indirect, economic, punitive, exemplary or any other loss or damage suffered or incurred by us or any other party arising from or in connection with the Mandatory Call Event or the suspension of trading (“**Trading Suspension**”) or the non-recognition of trades after a Mandatory Call Event (“**Non-Recognition of Post MCE Trades**”), including, without limitation, any delay, failure, mistake or error in the Trading Suspension or Non-Recognition of Post MCE Trades.

The BNP Group shall not have any responsibility towards you for any losses suffered as a result of the Trading Suspension and/or Non-Recognition of Post MCE Trades, in connection with the occurrence of a Mandatory Call Event, the resumption of trading of the CBBCs or reinstatement of any Post MCE Trades cancelled as a result of the reversal of any Mandatory Call Event, notwithstanding that such Trading Suspension and/or Non-Recognition of Post MCE Trades occur as a result of an error in the observation of the event.

*Residual Value may not include residual funding cost*

For Category R CBBCs, the Residual Value (if any) payable by us following the occurrence of a Mandatory Call Event may or may not include the residual funding cost for the CBBCs. You may not receive any residual funding cost back from us upon early termination of a Category R CBBC upon a Mandatory Call Event.

*Delay in announcements of a Mandatory Call Event*

The Stock Exchange will notify the market as soon as practicable after the CBBC has been called upon the occurrence of a Mandatory Call Event. You must however be aware that there may be delay in the announcement of a Mandatory Call Event due to technical errors or system failures and other factors that are beyond our control or the control of the Stock Exchange.

*Our hedging activities may adversely affect the price/level of the Underlying Asset*

Any member of the BNP Group may carry out activities that minimise our risks related to the CBBCs, including effecting transactions for our own account or for the account of our customers and hold long or short positions in the Underlying Asset (whether for risk reduction purposes or otherwise). In addition, in connection with the offering of any CBBCs, we and/or any member of the BNP Group may enter into one or more hedging transactions with respect to the Underlying Asset. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by us

and/or any member of the BNP Group may enter into transactions in the Underlying Asset which may affect the market price, liquidity or price/level of the Underlying Asset and/or the value of CBBCs and which could be deemed to be adverse to your interests. The BNP Group is likely to modify our hedging positions throughout the life of the CBBCs whether by effecting transactions in the Underlying Asset or in derivatives linked to the Underlying Asset. Further, it is possible that the advisory services which the BNP Group provides in the ordinary course of our business could lead to an adverse impact on the value of the Underlying Asset.

*Unwinding of hedging arrangements*

The trading and/or hedging activities of the BNP Group related to CBBCs and/or other financial instruments issued by us from time to time may have an impact on the price/level of the Underlying Asset and may trigger a Mandatory Call Event. In particular, when the Underlying Asset is trading close to the Call Price/Call Level, our unwinding activities may cause a fall or rise (as the case may be) in the trading price/level of the Underlying Asset, leading to a Mandatory Call Event.

In respect of Category N CBBCs, the BNP Group may unwind any hedging transactions entered into by us in relation to the CBBCs at any time even if such unwinding activities may trigger a Mandatory Call Event.

In respect of Category R CBBCs, before the occurrence of a Mandatory Call Event, the BNP Group may unwind our hedging transactions relating to the CBBCs in proportion to the amount of the CBBCs we repurchase from time to time. Upon the occurrence of a Mandatory Call Event, the BNP Group may unwind any hedging transactions in relation to the CBBCs. Such unwinding activities after the occurrence of a Mandatory Call Event may affect the trading price/level of the Underlying Asset and consequently the Residual Value of the CBBCs.

*Adjustment related risk*

We will make such adjustments as we consider appropriate as a consequence of certain corporate actions or index adjustment events affecting the Underlying Asset. Please refer to the subsection “Adjustment related risk” under the section “Risks in relation to the Underlying Asset”.

In addition, for Single Equity CBBCs and Single Unit Trust CBBCs, if the Underlying Asset ceases to be listed on the Stock Exchange during the term of the CBBCs, we may make adjustments and amendments to the rights attaching to the CBBCs pursuant to Condition 6 of the Product Conditions of

the relevant CBBs set out in Part A and Part C of Appendix 3. Such adjustments and amendments will be conclusive and binding on you.

### **Risk relating to the legal form of the Structured Products**

Each Structured Product will be represented by a global certificate registered in the name of HKSCC Nominees Limited (or such other nominee company as may be used by HKSCC from time to time in relation to the provision of nominee services to persons admitted for the time being by HKSCC as a participant of Central Clearing and Settlement System (“CCASS”). A risk of investing in a security that is issued in global registered form and held on your behalf within a clearing system effectively means that evidence of your title, as well as the efficiency of ultimate delivery of the Cash Settlement Amount, will be subject to the General Rules of CCASS and CCASS Operational Procedures (“CCASS Rules”). You should be aware of the following risks:

- (a) you will not receive definitive certificates where the Structured Products remain in the name of HKSCC Nominees Limited for the entire life of the Structured Products;
- (b) any register that is maintained by us or on our behalf, whilst available for inspection by you, will not be capable of registering any interests other than that of the legal title owner, in other words, it will record at all times that the Structured Products are being held by HKSCC Nominees Limited;
- (c) you will have to rely solely upon your brokers/custodians and the statements you receive from such party as evidence of your interest in the investment;
- (d) notices or announcements will be published on the HKEx’s website and/or released by HKSCC to its participants via CCASS in accordance with the CCASS Rules. You will need to check the HKEx’s website regularly and/or rely on your brokers/custodians to obtain such notices/announcements; and
- (e) following the Expiry Date and the determination by us as to the Cash Settlement Amount, our obligations to you will be duly performed by payment of the Cash Settlement Amount (net of any Exercise Expenses) to HKSCC Nominees Limited as the “holder” of the Structured Products. HKSCC or HKSCC Nominees Limited will then distribute the received Cash Settlement Amount (net of any

Exercise Expenses) to the respective CCASS participants in accordance with the CCASS Rules.

### **Potential fee arrangements with brokers and potential conflicts of interest of brokers**

To the extent permissible by the applicable laws, regulations, codes and guidelines and/or recommendations (whether imposed by applicable law or by competent regulatory authorities) in effect from time to time, we may or may not enter into fee arrangements with brokers with respect to the Structured Products or dealings in, or related to, the relevant Underlying Asset. You should note that brokers with whom we have a fee arrangement (if any) do not, and cannot be expected to, deal exclusively in, or related to, the Structured Products or any relevant Underlying Asset and may from time to time engage in other dealings for their own accounts and/or for the accounts of their clients. Potential conflicts of interests may arise from the different roles played by such brokers in connection with their dealings in, or related to, the Structured Products, the relevant Underlying Asset and/or other financial products (including those issued by other institutions over the same relevant Underlying Asset). A broker’s interests (economic or otherwise) in each role may potentially affect the Structured Products and/or the relevant Underlying Asset in a manner that may cause adverse consequences to you if you invest in the Structured Products.

### **Effect of the combination of risk factors unpredictable**

Two or more risk factors may simultaneously have an effect on the value of a series of Structured Products such that the effect of any individual risk factor may not be predictable. No assurance can be given as to the effect any combination of risk factors may have on the value of a series of Structured Products.

## TAXATION

*The following section is of a general nature and is not intended to provide guidance to you. This section relates to you if you are the absolute beneficial owner of the Structured Products and may not apply equally to you. If you are in any doubt as to your tax position on purchase, ownership, transfer, holding or exercise of any Structured Product, you are strongly advised to consult your own tax advisers.*

### General

You may be required to pay stamp duties, taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price of each Structured Product.

### Taxation in Hong Kong

The following paragraph, which is intended as a general guide only, is based on current law and practice in Hong Kong. It summarises certain aspects of taxation in Hong Kong which may be applicable to the Structured Products but is not purported to be a comprehensive description of all tax considerations which may be of relevance.

#### *Profits Tax*

No tax is payable in Hong Kong by withholding or otherwise in respect of:

- (a) dividends of any company;
- (b) distributions of any trust authorised as a collective investment scheme by the SFC under section 104 of the Securities and Futures Ordinance (Cap 571, The Laws of Hong Kong) or otherwise approved by the SFC; or
- (c) any capital gains arising on the sale of the underlying shares or Structured Products, except that Hong Kong profits tax may be chargeable on any such gains in the case of certain persons carrying on a trade, profession or business in Hong Kong.

#### *Stamp Duty*

You do not need to pay any stamp duty in respect of purely cash settled Structured Products.

### Taxation in the Netherlands

The following paragraph, which is intended as a general guide only, is based on current law and practice in the Netherlands. It summarises certain aspects of taxation in the Netherlands which may be applicable to the Structured Products but is not purported to be a comprehensive description of all tax considerations which may be of relevance.

#### *Registration, Stamp, Transfer or Turnover Taxes*

No Dutch registration, stamp, transfer or turnover taxes or other similar duties or taxes should be due in the Netherlands in direct connection with the offering and issue of the Structured Products by us or in respect of the signing and delivery of this document and/or the relevant supplemental listing document.

#### *Withholding Tax*

No Netherlands withholding tax should be due on payments of principal and/or interest.

#### *Income Tax or Capital Gain Tax*

You will not be subject to Netherlands taxes on income or capital gains in direct connection with the acquisition or holding of debt or any payment under the Structured Products or in respect of any gain realised on the disposal or redemption of the Structured Products, provided that:

- (a) you are neither a resident nor deemed to be a resident nor has opted to be treated as a resident in the Netherlands; and
- (b) you do not have an enterprise or an interest in an enterprise which, in whole or in part, is carried on through a permanent establishment or a permanent representative in the Netherlands and to which permanent establishment or permanent representative the Structured Products are attributable; and
- (c) if you are a legal person, an open limited partnership (“*open commanditaire vennootschap*”), another company with a capital divided into shares or a special purpose fund (“*doelvermogen*”):
  - (i) you do not have a substantial interest\* in our share capital, or in the event that you do have such an interest, such interest forms part of the assets of an enterprise; and
  - (ii) you do not have a deemed Netherlands enterprise to which enterprise the Structured Products are attributable, including but not limited to, activities

such as serving as a management or supervisory board member of a Dutch resident company;

or

- (d) if you are a natural person:
- (i) you do not derive income and/or capital gains from activities in the Netherlands other than business income (as described under (b) above), to which activities the Structured Products are attributable; and
  - (ii) you or a person related to you by law, contract, consanguinity or affinity to the degree specified in the tax laws of the Netherlands do not have, or are not deemed to have, a substantial interest\* in our share capital.

### *Inheritance Tax*

No gift, estate or inheritance tax will arise in the Netherlands on the transfer by way of gift or inheritance of the Structured Products if the donor or the deceased at the time of the gift or the death is neither a resident nor a deemed resident of the Netherlands, unless:

- (a) at the time of the gift or death, the Structured Products are attributable to an enterprise or part of an enterprise that is carried out through a permanent establishment or a permanent representative in the Netherlands; or
- (b) the donor of the Structured Products dies within 180 days of making the gift, and is a Dutch resident or deemed resident on the date of death.

Furthermore, in relation to the implications in respect of registration, stamp, transfer or turnover taxes, withholding tax, income tax or capital gain tax and inheritance tax in the Netherlands summarised above, it is assumed that:

- (a) neither the remuneration, nor the indebtedness of the remuneration, on the Structured Products is, in whole or in part, legally or actually, contingent upon the profits or the distribution of profits by us or any of our affiliated companies; and
- (b) the Structured Products will be treated as our debt obligations and cannot, partly or wholly, be reclassified as equity nor actually function as equity for Dutch tax purposes as referred to in Section 10(1)(d) of the Dutch Corporate Income Tax Act (Wet op de vennootschapsbelasting 1969).

### *Exchange of Information*

If we pay interest directly to, or secure our payment for the immediate benefit of, a holder of Structured Products that is (i) an individual, (ii) a resident of another EU Member State or designated jurisdiction and (iii) the beneficial owner of that interest, we must verify the holder of the Structured Products' identity and place of residence and provide information regarding that holders and the interest payments concerned to the Dutch tax authorities. This obligation does not apply if the interest is paid to, or secured for the benefit of, a holder of the Structured Products via a bank or other paying agent as defined in Dutch tax law. In that case similar or other obligations may apply with respect to the bank or the other paying agent.

\* An interest in our share capital should not be considered as a substantial interest if you, and if you are a natural person, your spouse, registered partner, certain other relatives or certain persons sharing your household, do not own or hold, alone or together, whether directly or indirectly, the ownership of, or certain rights over, shares or rights resembling shares representing five per cent. or more of our total issued and outstanding capital or our issued and outstanding capital of any class of shares.

### **Taxation in the United States of America**

#### *Foreign Account Tax Compliance rules*

We may be required pursuant to the U.S. Foreign Account Tax Compliance rules ("FATCA") to withhold U.S. tax on payments in respect of Structured Products to an investor who does not provide information sufficient for us to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" with us, or to an investor that is a non-U.S. financial institution that is not in compliance with FATCA. Under recently proposed regulations, it is possible that a 30 percent withholding tax could apply to certain payments on Structured Products of dividends, interest and certain other payments from sources within the United States beginning in 2014, and to the gross proceeds from the sale or disposition of Structured Products that can produce U.S. source dividend or interest income beginning in 2015. Withholding on certain "passthru payments" made on Structured Products may also apply beginning in 2017. With respect to Structured Products that are treated as "obligations" for purposes of FATCA, any such withholding would apply only to payments on Structured Products issued after December 31, 2012. You should consult your own tax advisors on how FATCA may apply to payments you receive in respect of Structured Products.

The U.S. Treasury Department and the Internal Revenue Service have recently released proposed regulations under Section 871(m) of the Internal Revenue Code. Under the proposed regulations,



beginning in 2013, a 30 percent withholding tax would be imposed on certain “dividend equivalent” payments on Structured Products (including in certain cases, payments of the purchase price, or an adjustment to the purchase price, of a Structured Product) that are contingent upon or determined by reference to the payment of a dividend from sources within the United States. While the regulations remain in proposed form, and significant aspects of the application of the regulations to Structured Products are uncertain, we may be required to withhold on certain amounts with respect to Structured Products paid to non-U.S. holders. You should consult your own tax advisors on how Section 871(m) of the Internal Revenue Code and the proposed regulations may apply to payments you receive in respect of Structured Products.

**No gross-up for taxes withheld**

Purchasers of Structured Products should note that according to the terms and conditions of Structured Products, the Issuer will not assume any liability for taxes withheld or any withholding pursuant to FATCA from payments under the Structured Products, and will not make any additional payments with regard to any such amount withheld, i.e. no gross-up will apply if a withholding is imposed.

## PLACING AND SALE

### General

No action has been or will be taken by us that would permit a public offering of any series of Structured Products or possession or distribution of any offering material in relation to the Structured Products in any jurisdiction (other than in Hong Kong) where action for that purpose is required.

No offers, sales or deliveries of any Structured Products, or distribution of any offering material relating to the Structured Products may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on us or the Guarantor. In the event that we contemplate a placing, placing fees may be payable in connection with any issue and we may, at our discretion, allow discounts to placees.

### United States of America

Each series of Structured Products has not been, and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and trading in the Structured Products has not been and will not be approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended. We have not been registered as an investment company pursuant to the United States Investment Company Act of 1940, as amended.

The Structured Products may not at any time be offered, sold, delivered, traded or exercised, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. person and a U.S. person may not, at any time, directly or indirectly, maintain a position in the Structured Products. Offers, sales, trading or delivery of the Structured Products in the United States or to, or for the account or benefit of, U.S. persons may constitute a violation of United States laws governing securities and commodities trading.

We will not offer, sell or deliver any Structured Products within the United States or to, or for the account or benefit of, U.S. persons, and all dealers participating in the distribution of the Structured Products will not be permitted by us to offer, sell, deliver or trade, at any time, directly or indirectly, any Structured Products in the United States or to, or for the account or benefit of, any U.S. person.

Each purchaser of Structured Products will be deemed by its acceptance of the Structured Products to have represented and agreed, on its behalf and on behalf of any investor accounts for which it is purchasing the Structured Products, that it has not

and will not purchase, offer, sell, deliver or trade, at any time, directly or indirectly, any Structured Products in the United States or to, or for the account or benefit of, any U.S. person.

Each purchaser acknowledges that we and the dealers will rely upon the truth and accuracy of the foregoing representations and agreements, and agrees that if any of the representations or warranties deemed to have been made by such purchaser by its purchase of Structured Products are no longer accurate, it shall promptly notify us and the relevant dealer. If acquiring Structured Products as a fiduciary or agent for one or more investor accounts, each purchaser represents that it has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.

Terms used herein, including, “**United States**” and “**U.S. person**”, have the meanings given to them by Regulation S under the Securities Act.

In addition, we will send to each dealer to which we sell Structured Products at any time a confirmation or other notice setting forth the restrictions on offers, sales and deliveries of the Structured Products in the United States or to, or for the account or benefit of, U.S. persons.

### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), no offer of Structured Products which are the subject of the offering contemplated by this document as completed by the relevant supplemental listing document in relation thereto to the public in that Relevant Member State has been, or will be, made except, with effect from and including the Relevant Implementation Date, an offer of Structured Products to the public in that Relevant Member State may be made:

- (a) if the supplemental listing document in relation to the Structured Products specifies that an offer of those Structured Products may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Structured Products which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State



and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the supplemental listing document contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or supplemental listing document, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining prior consent of the relevant dealer or dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Structured Products referred to in (b) to (d) above shall require us or any dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **“offer of Structured Products to the public”** in relation to any Structured Products in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Structured Products to be offered so as to enable an investor to decide to purchase or subscribe the Structured Products, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **“Prospectus Directive”** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **“2010 PD Amending Directive”** means Directive 2010/73/EU.

#### **United Kingdom**

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (as amended) (“**FSMA**”)) in connection with the issue or sale of the Structured Products has only been

communicated or caused to be communicated and will only be communicated or caused to be communicated in circumstances in which section 21(1) of the FSMA does not, or where applicable would not, if we were not an authorised person, apply to us. All applicable provisions of the FSMA have been complied with, and will be complied with, with respect to anything done by it in relation to any Structured Products in, from or otherwise involving the United Kingdom.

#### **Hong Kong**

No person, other than a person permitted to do so under the securities laws of Hong Kong, has issued or had in its possession for the purposes of issue, or will issue or have in its possession for the purposes of issue, any advertisement, invitation or document relating to the Structured Products, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than with respect to Structured Products which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, The Laws of Hong Kong) and any rules made thereunder.

## TEXT OF THE GUARANTEE OF BNP PARIBAS

Our obligations under the Structured Products are guaranteed by the Guarantor under the Guarantee executed by the Guarantor by way of deed poll and dated as of 2 April 2013. The text of the Guarantee is set out below.

“THIS GUARANTEE is made by way of deed poll by BNP Paribas (the “**Guarantor**”) in favour of the holders for the time being of the Structured Products (as defined below) (each a “**Holder**”) and dated as of 2 April 2013. WHEREAS:—

- (A) The Guarantor has agreed to guarantee all obligations of BNP Paribas Arbitrage Issuance B.V. (the “**Issuer**”) under any structured products (including, without limitation, Warrants, callable bull/bear contracts (“**CBBC**”) or other types of structured products (together, the “**Structured Products**”)) issued from time to time by the Issuer pursuant to a base listing document to be dated on or about 2 April 2013 (“**Base Listing Document**”, which expression shall include any amendment and/or supplement thereto and any replacement or further issue of any base listing document issued by the Issuer from time to time in respect of Structured Products (and whether or not issued pursuant to any condition imposed by the Securities and Futures Commission pursuant to the Securities and Futures Ordinance or by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to the Rules Governing the Listing of Securities on the Stock Exchange)) and listed on the Stock Exchange.
- (B) Terms defined in the Conditions of the Structured Products shall have the same meanings in this Deed of Guarantee except where the context requires otherwise. References to “**Conditions**” are to the terms and conditions set out in the Base Listing Document.

NOW THIS DEED WITNESSES as follows:

- 1 **Guarantee:** The Guarantor unconditionally and irrevocably guarantees by way of deed poll to each Holder that, if for any reason the Issuer does not pay any sum payable by it or perform any other obligation in respect of any Structured Product on the date specified for such payment or performance the Guarantor will, in accordance with the Conditions pay that sum in the currency in which such payment is due in immediately available funds or, as the case may be, perform or procure the performance of the relevant obligation on the due date for such performance. In case of the failure of the Issuer to satisfy such obligations as and when the same become due, the Guarantor hereby undertakes to make or cause to be made such payment or satisfy or cause to be satisfied such obligations as though the Guarantor were the principal obligor in respect of such obligation.

Any such payment in accordance with this Clause 1 shall constitute a complete discharge of the Guarantor’s obligations in respect of such Structured Products.

- 2 **Guarantor as Principal Obligor:** As between the Guarantor and the holder of each Structured Product but without affecting the Issuer’s obligations, the Guarantor will be liable under this Guarantee as if it were the sole principal obligor and not merely a surety. Accordingly, it will not be discharged, nor will its liability be affected, by anything which would not discharge it or affect its liability if it were the sole principal obligor (including (1) any time, indulgence, waiver or consent at any time given to the Issuer or any other person, (2) any amendment to any of the Conditions or to any security or other guarantee or indemnity, (3) the making or absence of any demand on the Issuer or any other person for payment or performance of any other obligation in respect of any Structured Product, (4) the enforcement or absence of enforcement of any Structured Product or of any security or other guarantee or indemnity, (5) the release of any such security, guarantee or indemnity, (6) the dissolution, amalgamation, reconstruction or reorganisation of the Issuer or any other person, or (7) the illegality, invalidity or unenforceability of or any defect in any provision of the Conditions or any of the Issuer’s obligations under any of them).
- 3 **Guarantor’s Obligations Continuing:** The Guarantor’s obligations under this Guarantee are and will remain in full force and effect by way of continuing security until no sum remains payable and no other obligation remains to be performed under any Structured Product (in each case subject to its exercise). Furthermore, those obligations of the Guarantor are additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of any person, whether from the Guarantor or otherwise. The Guarantor irrevocably waives all notices and demands of any kind.

- 4 **Discharge by the Issuer:** If any payment received by, or other obligation discharged to or to the order of, the holder of any Structured Product is, on the subsequent bankruptcy or insolvency of the Issuer, avoided under any laws relating to bankruptcy or insolvency, such payment or obligation will not be considered as having discharged or diminished the liability of the Guarantor and this Guarantee will continue to apply as if such payment or obligation had at all times remained owing due by the Issuer.
- 5 **Indemnity:** As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees (1) that any sum or obligation which, although expressed to be payable under the Structured Products, is for any reason (whether or not now existing and whether or not now known or becoming known to the Issuer, the Guarantor or the holder of any Structured Product) not recoverable from the Guarantor on the basis of a guarantee will nevertheless be recoverable from it as if it were the sole principal obligor and will be paid or performed by it in favour of the holder of any Structured Product and (2) as a primary obligation to indemnify each Holder against any loss suffered by it as a result of any sum or obligation expressed to be payable under the Structured Products not being paid or performed by the time, on the date and otherwise in the manner specified in the Structured Products or any obligation of the Issuer under the Structured Products being or becoming void, voidable or unenforceable for any reason (whether or not now existing and whether or not known or becoming known to the Issuer, the Guarantor or any Holder), in the case of a payment obligation the amount of that loss being the amount expressed to be payable by the Issuer in respect of the relevant sum, PROVIDED THAT the proviso to Clause 2 of this Guarantee shall apply mutatis mutandis to this clause 5.
- 6 **Incorporation of Terms:** The Guarantor agrees that it shall comply with and be bound by those provisions contained in the Conditions which relate to it.
- 7 **Deposit of Guarantee:** This Guarantee shall be deposited with and held by the Sponsor for the benefit of the Holders. If BNP Paribas Securities (Asia) Limited ceases to be the Sponsor its successor shall hold this Guarantee.
- 8 **Representations:** The Guarantor represents and warrants to each Holder that it has the full power and authority, and has taken all necessary steps, to execute and deliver this Guarantee and to perform its obligations hereunder and this Guarantee constitutes the valid and binding obligations of the Guarantor and is enforceable in accordance with its terms.
- 9 **Governing law:** This Guarantee shall be governed by and construed in accordance with the laws of Hong Kong.
- 10 **Jurisdiction:** The courts of Hong Kong are to have jurisdiction to settle any disputes which may arise out of or in connection with this Guarantee and accordingly any legal action or proceedings arising out of or in connection with this Guarantee (“**Proceedings**”) may be brought in such courts. The Guarantor irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is for the benefit of each of the Holders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).
- 11 **Service of Process:** The Guarantor agrees that service of process in Hong Kong may be made on it at its Hong Kong branch. Nothing in this Guarantee shall affect the right to serve process in any other manner permitted by law.

IN WITNESS whereof this Guarantee has been executed by the Guarantor as a deed poll and delivered on the date specified below.

Dated as of 2 April 2013”

## APPENDIX 1 — GENERAL CONDITIONS OF STRUCTURED PRODUCTS

*These General Conditions relate to each series of Structured Products and must be read in conjunction with, and are subject to, the applicable Product Conditions and the Supplemental Listing Document in relation to the particular series of Structured Products. These General Conditions and the applicable Product Conditions (as supplemented, amended, modified and/or replaced by the relevant Supplemental Listing Document) together constitute the Conditions of the relevant Structured Products, and will be endorsed on the Global Certificate representing the relevant Structured Products. The Supplemental Listing Document in relation to the issue of any series of Structured Products may specify other terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these General Conditions and the applicable Product Conditions, replace or modify the General Conditions and/or the applicable Product Conditions for the purpose of such series of Structured Products.*

### 1. Definitions

“**Base Listing Document**” means the base listing document relating to Structured Products dated 2 April 2013 and issued by the Issuer, including any addenda to such base listing document issued from time to time;

“**Board Lot**” has the meaning given to it in the relevant Supplemental Listing Document;

“**CCASS**” means the Central Clearing and Settlement System established and operated by HKSCC;

“**CCASS Rules**” means the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time;

“**Conditions**” means, in respect of a particular series of Structured Products, these General Conditions and the applicable Product Conditions;

“**Expiry Date**” has the meaning given to it in the relevant Supplemental Listing Document;

“**General Conditions**” means these general terms and conditions;

“**Global Certificate**” means, in respect of the relevant Structured Products, a global certificate registered in the name of the Nominee;

“**Guarantee**” means a deed poll guarantee dated as of 2 April 2013 made by the Guarantor;

“**Guarantor**” means BNP Paribas;

“**HKSCC**” means Hong Kong Securities and Clearing Company Limited;

“**Holder**” means, in respect of each series of Structured Products, each person who is for the time being shown in the Register as the holder of the Structured Products, and who shall be treated by the Issuer, the Guarantor and the Sponsor as the absolute owner and holder of the relevant Structured Products. The expression “**Holders**” shall be construed accordingly;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**Instrument**” means an instrument by way of deed poll dated 3 May 2006 executed by the Issuer which constitutes the Structured Products;

“**Issuer**” means BNP Paribas Arbitrage Issuance B.V.;

“**Nominee**” means HKSCC Nominees Limited (or such other nominee company as may be used by the HKSCC from time to time) in relation to the provision of nominee services to persons admitted for the time being by the HKSCC as a participant of CCASS;

“**Product Conditions**” means the product conditions relating to a particular series of Structured Products;

“**Register**” means, in respect of each series of Structured Products, the register of holders of such series of Structured Products kept by the Issuer outside of Hong Kong pursuant to General Condition 3.3;

“**Sponsor**” means BNP Paribas Securities (Asia) Limited;

“**Stock Exchange**” means The Stock Exchange of Hong Kong Limited;

“**Structured Products**” means derivative warrants (“**Warrants**”), callable bull/bear contracts (“**CBBCs**”) or such other structured products to be issued by the Issuer from time to time. References to “**Structured Product**” are to be construed as references to a particular series of Structured Products; and

“**Supplemental Listing Document**” means the supplemental listing document relating to a particular series of Structured Products.

Other capitalised terms will, unless otherwise defined, have the meanings given to them in the Base Listing Document, the applicable Product Conditions, the relevant Supplemental Listing Document and/or the Global Certificate.

## **2. Form, Status, Transfer and Trading**

### **2.1 Form**

The Structured Products (which expression shall, unless the context otherwise requires, include any further structured products issued pursuant to General Condition 9) are issued in registered form subject to and with the benefit of the Instrument and the Guarantee. Copies of the Instrument and the Guarantee are available for inspection at the specified offices of the Sponsor. The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Instrument.

### **2.2 Status of the Issuer’s obligations**

The settlement obligations of the Issuer in respect of the Structured Products represent general unsecured contractual obligations of the Issuer and of no other person and rank, and will rank, *pari passu* among themselves and with all other present and future unsecured and unsubordinated contractual obligations of the Issuer, except for obligations accorded preference by mandatory provisions of applicable law. The obligations of the Guarantor under the Guarantee represent general unsecured contractual obligations of the Guarantor and of no other person and rank, and will rank, *pari passu* with all other present and future unsecured and unsubordinated contractual obligations of the Guarantor, except for obligations accorded preference by mandatory provisions of applicable law.

### **2.3 Transfer and Trading of Structured Products**

Transfers of Structured Products may be effected only in Board Lots or integral multiples thereof in CCASS in accordance with the CCASS Rules.

Trading in Structured Products on the Stock Exchange shall cease prior to the Expiry Date in accordance with the requirements of the Stock Exchange.

## **3. Sponsor and Register**

3.1 The Sponsor will not assume any obligation or duty to or any relationship or agency or trust for the Holder.

3.2 The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the initial Sponsor and to appoint another sponsor provided that it will at all times maintain a sponsor in Hong Kong for so long as the Structured Products are listed on the Stock Exchange. Notice of any such termination or appointment will be given to the Holders in accordance with General Condition 7.

3.3 The Register will be maintained outside Hong Kong by the Issuer and the Issuer will enter or cause to be entered the name, address and banking details of the Holders, the details of the Structured Products held by each Holder, including the number of Structured Products of each series held and any other particulars which it thinks proper.

#### **4. Purchases**

The Issuer, the Guarantor and/or any of their respective affiliates may at any time purchase Structured Products at any price in the open market or by tender or by private treaty. Any Structured Products so purchased may be held, resold or surrendered for cancellation.

#### **5. Global Certificate**

The Structured Products will be represented by a Global Certificate. No definitive certificate will be issued. The Structured Products can only be exercised by the Nominee. The Global Certificate representing the relevant Structured Products will be deposited with CCASS in the name of the Nominee. The Global Certificate must be executed manually on behalf of the Issuer by its authorised person(s) or attorney(s).

#### **6. Meetings of Holders and Modification**

##### **6.1 Meetings of Holders**

The Instrument contains provisions for convening meetings of the Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Instrument) of a modification of the provisions of the Structured Products or of the Instrument.

Any resolution to be passed in a meeting of the Holders shall be decided by poll. A meeting may be convened by the Issuer or by Holders holding not less than 10 per cent. of the Structured Products for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Structured Products for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Holders whatever the number of Structured Products so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting.

Resolutions can be passed in writing without a meeting of the Holders being held if passed unanimously.

##### **6.2 Modification**

The Issuer may, without the consent of the Holders, effect any modification of the terms and conditions of the Structured Products or the Instrument which, in the opinion of the Issuer, is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such modification in any particular jurisdiction);
- (b) of a formal, minor or technical nature;
- (c) made to correct a manifest error; or
- (d) necessary in order to comply with mandatory provisions of the laws or regulations of Hong Kong.

Any such modification shall be binding on the Holders and shall be notified to them by the Issuer or the Sponsor (as the case may be) as soon as practicable thereafter in accordance with General Condition 7.

#### **7. Notices**

All notices to the Holders will be validly given if published in English and in Chinese on the website of Hong Kong Exchanges and Clearing Limited. Such notices shall be deemed to have been given on the date of the first such publication. If such publication is not practicable, notice will be given in such other manner as the Issuer may determine appropriate.



## **8. Adjustment to the Conditions**

### **8.1 *Other Adjustments***

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the Structured Products as appropriate where any event (including the events as contemplated in the applicable Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Conditions, provided that such adjustment is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

### **8.2 *Notice of Adjustments***

All determinations made by the Issuer in respect of any adjustment to the Conditions will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with General Condition 7.

## **9. Further Issues**

The Issuer shall be at liberty from time to time, without the consent of the Holders, to create and issue further structured products so as to form a single series with the Structured Products.

## **10. Taxation**

The Issuer is not liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer or exercise of any Structured Products.

## **11. Good Faith and Commercially Reasonable Manner**

Any exercise of discretion by the Issuer under the Conditions will be made in good faith and in a commercially reasonable manner.

## **12. Governing Law**

The Structured Products, the Global Certificate, the Guarantee and the Instrument will be governed by and construed in accordance with the laws of Hong Kong. The Issuer, the Guarantor and each Holder (by its purchase of the Structured Products) shall be deemed to have submitted for all purposes in connection with the Structured Products, the Global Certificates, the Guarantee and the Instrument to the non-exclusive jurisdiction of the courts of Hong Kong.

## **13. Language**

In the event of any inconsistency between (a) the Chinese translation of these General Conditions and/or the applicable Product Conditions and (b) the English version of these General Conditions and/or the applicable Product Conditions, the English version of these General Conditions and/or the applicable Product Conditions shall prevail.



#### **14. Prescription**

Claims against the Issuer for payment of any amount in respect of a series of Structured Product will become void unless made within ten years of the MCE Valuation Date or the Expiry Date (as the case may be) applicable to that series and thereafter, any sums payable in respect of such Structured Product shall be forfeited and shall revert to the Issuer.

#### **Sponsor**

#### **BNP Paribas Securities (Asia) Limited**

59th-63rd Floors  
Two International Finance Centre  
8 Finance Street  
Central, Hong Kong

## APPENDIX 2 — PRODUCT CONDITIONS OF WARRANTS

*The following pages set out the Product Conditions in respect of different types of Warrants.*

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## PART A — PRODUCT CONDITIONS OF CASH SETTLED WARRANTS OVER SINGLE EQUITIES

*The relevant Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with the applicable Product Conditions, replace or modify the applicable Product Conditions for the purpose of such series of Warrants. Capitalised terms used in the applicable Product Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.*

### 1. Definitions

For the purposes of these Product Conditions:

“**Average Price**” means the arithmetic mean of the closing price of one Share, as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any capitalisation, rights issue, distribution or the like in respect of each Valuation Date;

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Cash Settlement Amount**” means, in respect of every Board Lot, an amount in the Settlement Currency calculated by the Issuer as follows:

(a) in the case of a series of call Warrants:

$$\frac{\text{Entitlement} \times (\text{Average Price} - \text{Exercise Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

(b) in the case of a series of put Warrants:

$$\frac{\text{Entitlement} \times (\text{Exercise Price} - \text{Average Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

“**CCASS Settlement Day**” has the meaning ascribed to the term “Settlement Day” in the CCASS Rules, subject to such modification and amendment prescribed by HKSCC from time to time;

“**Company**” means the company specified as such in the relevant Supplemental Listing Document;

“**Designated Bank Account**” means the relevant bank account designated by each Holder;

“**Entitlement**” means the number specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

“**Exercise Price**” means the price specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**General Conditions**” means the general terms and conditions set out in Appendix 1 of the Base Listing Document;

“**Listing Date**” means the date specified as such in the relevant Supplemental Listing Document;

“**Market Disruption Event**” means:

- (a) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in (i) the Shares; or (ii) any options or futures contracts relating to the Shares if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;
- (b) the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either (i) results in the Stock Exchange being closed for trading for the entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued; or
- (c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

“**Number of Warrant(s) per Entitlement**” has the meaning given to it in the relevant Supplemental Listing Document;

“**Product Conditions**” means these product terms and conditions;

“**Settlement Currency**” means the currency specified as such in the relevant Supplemental Listing Document;

“**Settlement Date**” means the third CCASS Settlement Day after the later of: (i) the Expiry Date; and (ii) the day on which the Average Price is determined in accordance with the Conditions;

“**Settlement Disruption Event**” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

“**Share**” means the share of the Company specified as such in the relevant Supplemental Listing Document and “**Shares**” shall be construed accordingly; and

“**Valuation Date**” means each of the five Business Days immediately preceding the Expiry Date, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on any Valuation Date, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on a Business Day that is already or is deemed to be a Valuation Date. For the avoidance of doubt, in the event that a Market Disruption Event has occurred and a Valuation Date is postponed as aforesaid, the closing price of the Shares on the first succeeding Business Day will be used more than once in determining the Average Price, so that in no event shall there be less than five closing prices used to determine the Average Price.

If the postponement of the Valuation Date as aforesaid would result in the Valuation Date falling on or after the Expiry Date, then:

- (a) the Business Day immediately preceding the Expiry Date (the “**Last Valuation Date**”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (b) the Issuer shall determine the closing price of the Shares on the basis of its good faith estimate of the price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Supplemental Listing Document or the Global Certificate.

## **2. Warrant Rights and Exercise Expenses**

### **2.1 Warrant Rights**

Every Board Lot gives each Holder, upon due exercise and compliance with Product Condition 3, the right to receive payment of the Cash Settlement Amount, if any.

### **2.2 Exercise Expenses**

On exercise of the Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 3.

## **3. Exercise of Warrants**

### *(a) Exercise of Warrants in Board Lots*

Warrants may only be exercised in Board Lots or integral multiples thereof.

### *(b) Automatic Exercise*

The Warrants are exercisable only on the Expiry Date. Any Warrant will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (net of any Exercise Expenses)(if any) in accordance with Product Condition 3(d).

Any Warrant which has not been automatically exercised in accordance with this Product Condition 3(b) shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

### *(c) Cancellation*

The Issuer will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which:

- (i) are the subject of an exercise pursuant to automatic exercise in accordance with these Product Conditions; or
- (ii) have expired worthless,

and thereby cancel the relevant Warrants.

### *(d) Cash Settlement*

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment, in respect of every Board Lot, to the relevant Holder equal to the Cash Settlement Amount (net of any Exercise Expenses). If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount (net of any Exercise Expenses) will be despatched no later than the Settlement Date by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

If, as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

## 4. Adjustments

### 4.1 *Rights Issues*

If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a “**Rights Offer**”), the Entitlement will be adjusted to take effect on the Business Day (“**Rights Issue Adjustment Date**”) on which trading in the Shares becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{1 + M}{1 + (R/S) \times M}$$

- E : Existing Entitlement immediately prior to the Rights Offer
- S : Cum-Rights Share price determined by the closing price on the Stock Exchange on the last Business Day on which Shares are traded on a cum-Rights basis
- R : Subscription price per Share as specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Rights
- M : Number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made to the Entitlement. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Exercise Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

“**Rights**” means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

### 4.2 *Bonus Issues*

If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement will be increased on the Business Day (“**Bonus Issue Adjustment Date**”) on which trading in the Shares becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = 1 + N$$

- E : Existing Entitlement immediately prior to the Bonus Issue
- N : Number of additional Shares (whether a whole or a fraction) received by a holder of existing Shares for each Share held prior to the Bonus Issue

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made to the Entitlement. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Exercise Price shall take effect on the Bonus Issue Adjustment Date.

#### 4.3 *Share Splits or Consolidations*

If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a “**Subdivision**”) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a “**Consolidation**”), then:

- (i) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivision; and
- (ii) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation (as the case may be) shall have taken effect.

#### 4.4 *Merger or Consolidation*

If it is announced that the Company is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of any corporation or controlled by any person or corporation) (except where the Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion).

The rights attaching to the Warrants after the adjustment shall, after such Restructuring Event, relate to the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Shares, as the case may be, to which the holder of such number of Shares to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event. Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Shares shall not be affected by this Product Condition 4.4 and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Shares shall include any such cash.

#### 4.5 *Cash Distribution*

No adjustment will be made for an ordinary cash dividend (whether or not it is offered with a scrip alternative) (“**Ordinary Dividend**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Company, such as a cash bonus, special dividend or extraordinary dividend, no adjustment will be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Share’s closing price on the day of announcement by the Company.



If and whenever the Company shall make a Cash Distribution credited as fully paid to the holders of Shares generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement in respect of the relevant Cash Distribution (“Cash Distribution Adjustment Date”) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where

$$\text{Adjustment Factor} = \frac{S - OD}{S - OD - CD}$$

E : Existing Entitlement immediately prior to the Cash Distribution

S : The closing price of the Share on the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD : The Cash Distribution per Share

OD : The Ordinary Dividend per Share, provided that the date on which the Shares are traded on an ex-Ordinary Dividend basis is the Cash Distribution Adjustment Date. For the avoidance of doubt, the OD shall be zero if the date on which the Shares are traded on an ex-Ordinary Dividend basis is not the Cash Distribution Adjustment Date

In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Exercise Price shall take effect on the Cash Distribution Adjustment Date.

## 5. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator, receiver or administrator or analogous person under Hong Kong law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.

## 6. Delisting

### 6.1 *Adjustments following delisting*

If at any time the Shares cease to be listed on the Stock Exchange, the Issuer shall give effect to these Product Conditions in such manner and make such adjustments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Holder or the tax or other consequences that may result in any particular jurisdiction).

### 6.2 *Listing on another exchange*

Without prejudice to the generality of Product Condition 6.1, where the Shares are, or, upon the delisting, become, listed on any other stock exchange, these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

## 7. Illegality or Impracticability

The Issuer is entitled to terminate the Warrants if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the Warrants, or for the Guarantor to perform its obligations under the Guarantee, in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or
  - (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),(each of (i) and (ii), a “**Change in Law Event**”); or
- (b) for it or any of its affiliates to maintain the Issuer’s hedging arrangements with respect to the Warrants due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each Warrant held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

### **Sponsor**

**BNP Paribas Securities (Asia) Limited**  
59th-63rd Floors  
Two International Finance Centre  
8 Finance Street  
Central, Hong Kong

## PART B — PRODUCT CONDITIONS OF CASH SETTLED WARRANTS OVER SINGLE UNIT TRUST

*The relevant Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with the applicable Product Conditions, replace or modify the applicable Product Conditions for the purpose of such series of Warrants. Capitalised terms used in the applicable Product Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.*

### 1. Definitions

For the purposes of these Product Conditions:

“**Average Price**” means the arithmetic mean of the closing price of one Unit, as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any capitalisation, rights issue, distribution or the like in respect of each Valuation Date;

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Cash Settlement Amount**” means, in respect of every Board Lot, an amount in the Settlement Currency calculated by the Issuer as follows:

(a) in the case of a series of call Warrants:

$$\frac{\text{Entitlement} \times (\text{Average Price} - \text{Exercise Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

(b) in the case of a series of put Warrants:

$$\frac{\text{Entitlement} \times (\text{Exercise Price} - \text{Average Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

“**CCASS Settlement Day**” has the meaning ascribed to the term “Settlement Day” in the CCASS Rules, subject to such modification and amendment prescribed by HKSCC from time to time;

“**Designated Bank Account**” means the relevant bank account designated by each Holder;

“**Entitlement**” means the number specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

“**Exercise Price**” means the price specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**General Conditions**” means the general terms and conditions set out in Appendix 1 of the Base Listing Document;

“**Listing Date**” means the date specified as such in the relevant Supplemental Listing Document;

“**Market Disruption Event**” means:

- (a) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in (i) the Units; or (ii) any options or futures contracts relating to the Units if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;
- (b) the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either (i) results in the Stock Exchange being closed for trading for the entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued; or
- (c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

“**Number of Warrant(s) per Entitlement**” has the meaning given to it in the relevant Supplemental Listing Document;

“**Product Conditions**” means these product terms and conditions;

“**Settlement Currency**” means the currency specified as such in the relevant Supplemental Listing Document;

“**Settlement Date**” means the third CCASS Settlement Day after the later of (i) the Expiry Date and (ii) the day on which the Average Price is determined in accordance with the Conditions;

“**Settlement Disruption Event**” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

“**Trust**” means the trust specified as such in the relevant Supplemental Listing Document;

“**Unit**” means the unit specified as such in the relevant Supplemental Listing Document and “**Units**” shall be construed accordingly; and

“**Valuation Date**” means each of the five Business Days immediately preceding the Expiry Date, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on any Valuation Date, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on a Business Day that is already or is deemed to be a Valuation Date. For the avoidance of doubt, in the event that a Market Disruption Event has occurred and a Valuation Date is postponed as aforesaid, the closing price of the Units on the first succeeding Business Day will be used more than once in determining the Average Price, so that in no event shall there be less than five closing prices used to determine the Average Price.

If the postponement of the Valuation Date as aforesaid would result in the Valuation Date falling on or after the Expiry Date, then:

- (a) the Business Day immediately preceding the Expiry Date (the “**Last Valuation Date**”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (b) the Issuer shall determine the closing price of the Units on the basis of its good faith estimate of the price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Supplemental Listing Document or the Global Certificate.

## **2. Warrant Rights and Exercise Expenses**

### **2.1 Warrant Rights**

Every Board Lot gives each Holder, upon due exercise and compliance with Product Condition 3, the right to receive payment of the Cash Settlement Amount, if any.

### **2.2 Exercise Expenses**

On exercise of the Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 3.

## **3. Exercise of Warrants**

### *(a) Exercise of Warrants in Board Lots*

Warrants may only be exercised in Board Lots or integral multiples thereof.

### *(b) Automatic Exercise*

The Warrants are exercisable only on the Expiry Date. Any Warrant will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (net of any Exercise Expenses)(if any) in accordance with Product Condition 3(d).

Any Warrant which has not been automatically exercised in accordance with this Product Condition 3(b) shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

### *(c) Cancellation*

The Issuer will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which:

- (i) are the subject of an exercise pursuant to automatic exercise in accordance with these Product Conditions; or
- (ii) have expired worthless,

and thereby cancel the relevant Warrants.

### *(d) Cash Settlement*

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment, in respect of every Board Lot, to the relevant Holder equal to the Cash Settlement Amount (net of any Exercise Expenses). If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount (net of any Exercise Expenses) will be despatched no later than the Settlement Date by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

If, as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

## 4. Adjustments

### 4.1 *Rights Issues*

If and whenever the Trust shall, by way of Rights (as defined below), offer new Units for subscription at a fixed subscription price to the holders of existing Units pro rata to existing holdings (a “**Rights Offer**”), the Entitlement will be adjusted to take effect on the Business Day (“**Rights Issue Adjustment Date**”) on which trading in the Units becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{1 + M}{1 + (R/S) \times M}$$

- E : Existing Entitlement immediately prior to the Rights Offer
- S : Cum-Rights Unit price determined by the closing price on the Stock Exchange on the last Business Day on which Units are traded on a cum-Rights basis
- R : Subscription price per Unit as specified in the Rights Offer plus an amount equal to any distribution or other benefits foregone to exercise the Rights
- M : Number of new Unit(s) (whether a whole or a fraction) per existing Unit each holder thereof is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made to the Entitlement. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Exercise Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

“**Rights**” means the right(s) attached to each existing Unit or needed to acquire one new Unit (as the case may be) which are given to the holders of existing Units to subscribe at a fixed subscription price for new Units pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

### 4.2 *Bonus Issues*

If and whenever the Trust shall make an issue of Units credited as fully paid to the holders of Units generally (other than pursuant to a scrip distribution or similar scheme for the time being operated by the Trust or otherwise in lieu of a cash distribution and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement will be increased on the Business Day (“**Bonus Issue Adjustment Date**”) on which trading in the Units becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = 1 + N$$

- E : Existing Entitlement immediately prior to the Bonus Issue
- N : Number of additional Units (whether a whole or a fraction) received by a holder of existing Units for each Unit held prior to the Bonus Issue

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made to the Entitlement. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Exercise Price shall take effect on the Bonus Issue Adjustment Date.

#### 4.3 *Subdivisions or Consolidations*

If and whenever the Trust shall subdivide its Units or any class of its outstanding Unit into a greater number of units (a “**Subdivision**”) or consolidate the Units or any class of its outstanding unit capital comprised of the Units into a smaller number of units (a “**Consolidation**”), then:

- (i) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivision; and
- (ii) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation (as the case may be) shall have taken effect.

#### 4.4 *Merger or Consolidation*

If it is announced that the Trust is to or may merge with or into any other trust or consolidate with or into any other trust or corporation (including becoming, by agreement or otherwise, controlled by any person or corporation) (except where the Trust is the surviving entity in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion).

The rights attaching to the Warrants after the adjustment shall, after such Restructuring Event, relate to the number of units of the trust(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Units, as the case may be, to which the holder of such number of Units to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event. Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Units shall not be affected by this Product Condition 4.4 and, where cash is offered in substitution for Units or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Units shall include any such cash.

#### 4.5 *Cash Distribution*

No adjustment will be made for an ordinary cash distribution (whether or not it is offered with a scrip alternative) (“**Ordinary Distribution**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Trust, such as a cash bonus, special distribution or extraordinary distribution, no adjustment will be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Unit’s closing price on the day of announcement by the Trust.

If and whenever the Trust shall make a Cash Distribution credited as fully paid to the holders of Units generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement in respect of the relevant Cash Distribution (“**Cash Distribution Adjustment Date**”) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$



Where:

$$\text{Adjustment Factor} = \frac{S - OD}{S - OD - CD}$$

E : Existing Entitlement immediately prior to the Cash Distribution

S : The closing price of the Unit on the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD : The Cash Distribution per Unit

OD : The Ordinary Distribution per Unit, provided that the date on which the Units are traded on an ex-Ordinary Distribution basis is the Cash Distribution Adjustment Date. For the avoidance of doubt, the OD shall be zero if the date on which the Units are traded on an ex-Ordinary Distribution basis is not the Cash Distribution Adjustment Date

In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Exercise Price shall take effect on the Cash Distribution Adjustment Date.

## 5. Termination or Liquidation

In the event of a Termination or the liquidation or dissolution of the trustee of the Trust (including any successor trustee appointed from time to time) (“**Trustee**”) (in its capacity as trustee of the Trust) or the appointment of a liquidator, receiver or administrator or analogous person under Hong Kong law in respect of the whole or substantially the whole of the Trustee’s undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose. In the case of a Termination, the unexercised Warrants will lapse and shall cease to be valid on the effective date of the Termination, in the case of a voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.

For the purpose of this Product Condition 5, “**Termination**” means (i) the Trust is terminated, or the Trustee or the manager of the Trust (including any successor manager appointed from time to time) (“**Manager**”) is required to terminate the Trust under the trust deed (“**Trust Deed**”) constituting the Trust or applicable law, or the termination of the Trust commences; (ii) the Trust is held or is conceded by the Trustee or the Manager not to have been constituted or to have been imperfectly constituted; (iii) the Trustee ceases to be authorised under the Trust to hold the property of the Trust in its name and perform its obligations under the Trust Deed; or (iv) the Trust ceases to be authorised as an authorised collective investment scheme under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

## 6. Delisting

### 6.1 *Adjustments following delisting*

If at any time the Units cease to be listed on the Stock Exchange, the Issuer shall give effect to these Product Conditions in such manner and make such adjustments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Holder or the tax or other consequences that may result in any particular jurisdiction).

### 6.2 *Listing on another exchange*

Without prejudice to the generality of Product Condition 6.1, where the Units are, or, upon the delisting, become, listed on any other stock exchange, these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place

of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

## **7. Illegality or Impracticability**

The Issuer is entitled to terminate the Warrants if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the Warrants, or for the Guarantor to perform its obligations under the Guarantee, in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or
  - (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),(each of (i) and (ii), a “**Change in Law Event**”); or
- (b) for it or any of its affiliates to maintain the Issuer’s hedging arrangements with respect to the Warrants due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each Warrant held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

### **Sponsor**

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## PART C - PRODUCT CONDITIONS OF CASH SETTLED INDEX WARRANTS

The relevant Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with the applicable Product Conditions, replace or modify the applicable Product Conditions for the purpose of such series of Warrants. Capitalised terms used in the applicable Product Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.

### 1. Definitions

For the purposes of these Product Conditions:

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Cash Settlement Amount**” means, for every Board Lot, an amount calculated by the Issuer as follows (and, if appropriate, either (i) converted (if applicable) into the Settlement Currency at the Exchange Rate or, as the case may be, (ii) converted into the Interim Currency at the First Exchange Rate and then (if applicable) converted into Settlement Currency at the Second Exchange Rate):

(a) in the case of a series of call Warrants:

$$\frac{(\text{Closing Level} - \text{Strike Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

(b) in the case of a series of put Warrants:

$$\frac{(\text{Strike Level} - \text{Closing Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

“**CCASS Settlement Day**” has the meaning ascribed to the term “Settlement Day” in the CCASS Rules, subject to such modification and amendment prescribed by HKSCC from time to time;

“**Closing Level**” has the meaning given to it in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Designated Bank Account**” means the relevant bank account designated by each Holder;

“**Divisor**” means the number specified as such in the relevant Supplemental Listing Document;

“**Exchange Rate**” means the rate specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

“**First Exchange Rate**” means the rate specified as such in the relevant Supplemental Listing Document;

“**General Conditions**” means the general terms and conditions set out in Appendix 1 of the Base Listing Document;

“**Index**” means the index specified in the relevant Supplemental Listing Document;

“**Index Compiler**” has the meaning given to it in the relevant Supplemental Listing Document;

“**Index Currency Amount**” means the number specified as such in the relevant Supplemental Listing Document;

“**Index Exchange**” means the Stock Exchange or any other exchange as specified in the relevant Supplemental Listing Document;

“**Interim Currency**” has the meaning given to it in the relevant Supplemental Listing Document;

“**Listing Date**” means the date specified as such in the relevant Supplemental Listing Document;

“**Market Disruption Event**” means:

- (a) the occurrence or existence, on the Valuation Date during the one-half hour period that ends at the close of trading on the Index Exchange, of any of:
  - (i) the suspension or material limitation of the trading of a material number of constituent securities that comprise the Index; or
  - (ii) the suspension or material limitation of the trading of options or futures contracts relating to the Index on any exchanges on which such contracts are traded; or
  - (iii) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount.

For the purposes of this paragraph (a), (X) the limitation of the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any relevant exchange, and (Y) a limitation on trading imposed by reason of the movements in price exceeding the levels permitted by any relevant exchange will constitute a Market Disruption Event;

- (b) where the Index Exchange is the Stock Exchange, the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either (i) results in the Stock Exchange being closed for trading for the entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued;
- (c) a limitation or closure of the Index Exchange due to any unforeseen circumstances; or
- (d) any circumstances beyond the control of the Issuer in which the Closing Level or, if applicable, the Exchange Rate, the First Exchange Rate or the Second Exchange Rate (as the case may be) cannot be determined by the Issuer in the manner set out in these Product Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances;

“**Product Conditions**” means these product terms and conditions;

“**Second Exchange Rate**” means the rate specified as such in the relevant Supplemental Listing Document;

“**Settlement Currency**” means the currency specified as such in the relevant Supplemental Listing Document;

“**Settlement Date**” means the third CCASS Settlement Day after the later of: (i) the Expiry Date; and (ii) the day on which the Closing Level is determined in accordance with the Conditions;

“**Settlement Disruption Event**” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

“**Strike Level**” means the level specified as such in the relevant Supplemental Listing Document; and

“**Valuation Date**” means the date specified in the Supplemental Listing Document, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on the Valuation Date, then the Issuer shall determine the Closing Level on the basis of its good faith estimate of the Closing Level that would have prevailed on that day but for the occurrence of the Market Disruption Event, provided that the Issuer, if applicable, may, but shall not be obliged to, determine such Closing Level by having regard to the manner in which futures contracts relating to the Index are calculated.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Supplemental Listing Document or the Global Certificate.

## **2. Warrant Rights and Exercise Expenses**

### **2.1 Warrant Rights**

Every Board Lot gives each Holder, upon due exercise and compliance with Product Condition 3, the right to receive payment of the Cash Settlement Amount, if any.

### **2.2 Exercise Expenses**

On exercise of the Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 3.

## **3. Exercise of Warrants**

### *(a) Exercise of Warrants in Board Lots*

Warrants may only be exercised in Board Lots or integral multiples thereof.

### *(b) Automatic Exercise*

The Warrants are exercisable only on the Expiry Date. Any Warrant will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (net of any Exercise Expenses)(if any) in accordance with Product Condition 3(d).

Any Warrant which has not been automatically exercised in accordance with this Product Condition 3(b) shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

### *(c) Cancellation*

The Issuer will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which:

- (i) are the subject of an exercise pursuant to automatic exercise in accordance with these Product Conditions; or
- (ii) have expired worthless,

and thereby cancel the relevant Warrants.

### *(d) Cash Settlement*

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment, in respect of every Board Lot, to the relevant Holder equal to the Cash Settlement Amount (net of any Exercise Expenses). If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount (net of any Exercise Expenses) will be despatched no later than the Settlement Date by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

#### **4. Adjustments to the Index**

##### **4.1 *Successor Index Compiler Calculates and Reports Index***

If the Index is:

- (a) not calculated and announced by the Index Compiler but is calculated and published by a successor to the Index Compiler (the “**Successor Index Compiler**”) acceptable to the Issuer; or
- (b) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then the Index will be deemed to be the index so calculated and announced by the Successor Index Compiler or that successor index, as the case may be.

##### **4.2 *Modification and Cessation of Calculation of Index***

If:

- (a) on or prior to the Valuation Date the Index Compiler or (if applicable) the Successor Index Compiler makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities, contracts, commodities or currencies and other routine events); or
- (b) on the Valuation Date the Index Compiler or (if applicable) the Successor Index Compiler fails to calculate and publish the Index (other than as a result of a Market Disruption Event),

then the Issuer shall determine the Closing Level using, in lieu of a published level for the Index, the level for the Index as at the Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure, but using only those securities, contracts, commodities or currencies that comprised the Index immediately prior to that change or failure (other than those securities, contracts, commodities or currencies that have since ceased to be listed on the relevant exchange).

#### **5. Illegality and Impracticability**

The Issuer is entitled to terminate the Warrants if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the Warrants, or for the Guarantor to perform its obligations under the Guarantee, in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or
  - (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),

(each of (i) and (ii), a “**Change in Law Event**”); or

- (b) for it or any of its affiliates to maintain the Issuer’s hedging arrangements with respect to the Warrants due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each Warrant held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

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## PART D — PRODUCT CONDITIONS OF CASH SETTLED COMMODITY WARRANTS

*The relevant Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with the applicable Product Conditions, replace or modify the applicable Product Conditions for the purpose of such series of Warrants. Capitalised terms used in the applicable Product Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.*

### 1. Definitions

For the purposes of these Product Conditions:

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Cash Settlement Amount**” means, for every Board Lot, an amount calculated by the Issuer as follows (and, if appropriate, converted into the Settlement Currency at the Exchange Rate):

(a) in the case of a series of call Warrants:

$$\frac{\text{Entitlement} \times (\text{Closing Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

(b) in the case of a series of put Warrants:

$$\frac{\text{Entitlement} \times (\text{Strike Price} - \text{Closing Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

“**CCASS Settlement Day**” has the meaning ascribed to the term “Settlement Day” in the CCASS Rules, subject to such modification and amendment prescribed by HKSCC from time to time;

“**Closing Price**” has the meaning given to it in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Commodity**” means the commodity specified as such in the relevant Supplemental Listing Document;

“**Commodity Business Day**” has the meaning given to it in the relevant Supplemental Listing Document;

“**Designated Bank Account**” means the relevant bank account designated by each Holder;

“**Exchange Rate**” means the rate specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

“**General Conditions**” means the general terms and conditions set out in Appendix 1 of the Base Listing Document;

“**Listing Date**” means the date specified as such in the relevant Supplemental Listing Document;

**“Market Disruption Event”** means:

- (a) the occurrence or existence, on a Valuation Day of any suspension of or material limitation imposed on, trading in the Commodity or any warrants, options contracts or futures contracts relating to the Commodity on any Related Exchange;
- (b) a limitation or closure of any Related Exchange or the Stock Exchange due to any unforeseen circumstances;
- (c) the disappearance of, or disappearance of trading in, the Commodity;
- (d) a Price Source Disruption Event; or
- (e) any circumstances beyond the control of the Issuer in which the Closing Price or the Exchange Rate cannot be determined by the Issuer in the manner set out in these Product Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances;

**“Price Source”** means the publication (or such other origin of price source reference) (if any) specified as such in the relevant Supplemental Listing Document;

**“Price Source Disruption Event”** means:

- (a) the failure of the Price Source to announce or publish any relevant level, value or price in relation to the Commodity (or the information necessary for determining the Closing Price); or
- (b) the temporary or permanent discontinuance or unavailability of the Price Source;

**“Product Conditions”** means these product terms and conditions;

**“Relevant Currency”** means the currency specified as such in the relevant Supplemental Listing Document;

**“Related Exchange”** means any exchange or quotation system in a major international market (including but not limited to New York, Chicago, London, Australia and Frankfurt) on which options contracts or futures contracts or other derivatives contracts relating to the Commodity is traded, as determined by the Issuer;

**“Settlement Currency”** means the currency specified as such in the relevant Supplemental Listing Document;

**“Settlement Date”** means the third CCASS Settlement Day after the Valuation Date;

**“Settlement Disruption Event”** means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

**“Strike Price”** means the price specified as such in the relevant Supplemental Listing Document;

**“Unit”** means the unit specified as such in the relevant Supplemental Listing Document; and

**“Valuation Date”** means the date specified as such in the relevant Supplemental Listing Document, provided that if the Issuer determines, in its sole discretion, that on the Valuation Date a Market Disruption Event has occurred, then the Issuer will determine the Closing Price on the basis of its good faith estimate of the Closing Price that would have prevailed on that day but for the occurrence of the Market Disruption Event.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Supplemental Listing Document or the Global Certificate.

## **2. Warrant Rights and Exercise Expenses**

### **2.1 Warrant Rights**

Every Board Lot gives each Holder, upon due exercise and compliance with Product Condition 3, the right to receive payment of the Cash Settlement Amount, if any.

### **2.2 Exercise Expenses**

On exercise of the Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 3.

## **3. Exercise of Warrants**

### **(a) Exercise of Warrants in Board Lots**

Warrants may only be exercised in Board Lots or integral multiples thereof.

### **(b) Automatic Exercise**

The Warrants are exercisable only on the Expiry Date. Any Warrant will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (net of any Exercise Expenses)(if any) in accordance with Product Condition 3(d).

Any Warrant which has not been automatically exercised in accordance with this Product Condition 3(b) shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

### **(c) Cancellation**

The Issuer will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which:

- (i) are the subject of an exercise pursuant to automatic exercise in accordance with these Product Conditions; or
- (ii) have expired worthless,

and thereby cancel the relevant Warrants.

### **(d) Cash Settlement**

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment, in respect of every Board Lot, to the relevant Holder equal to the Cash Settlement Amount (net of any Exercise Expenses). If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount (net of any Exercise Expenses) will be despatched no later than the Settlement Date by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account. If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

## 4. Adjustments

### 4.1 *Market Disruption Events*

Without limiting Product Condition 3(d), if a Market Disruption Event occurs, the Issuer has the right to adjust the Price Source, the Closing Price, the Exchange Rate and/or any other relevant variables accordingly. The Issuer shall as soon as reasonably practicable under such circumstances notify the Holders in accordance with General Condition 7 if it determines that a Market Disruption Event has occurred.

### 4.2 *Foreign Currency Controls*

If exchange control or other laws, regulations, directives or guidelines are imposed by any central banking authority or other governmental or regulatory body which:

- (a) requires the Issuer to obtain permission from such authority or body to purchase the Settlement Currency;
- (b) otherwise restricts the Issuer's ability to obtain the Settlement Currency; or
- (c) otherwise adversely regulates the purchase or holding of the Settlement Currency such that additional costs are imposed in obtaining the Settlement Currency which would not be imposed in the absence of such laws, regulations, directives or guidelines, or if the cost of obtaining the Settlement Currency at the Exchange Rate is determined by the Issuer to be excessive because of a disruption in the foreign exchange market relating to the Settlement Currency,

then, upon notice from the Issuer to Holders in accordance with General Condition 7 to such effect, Holders who have exercised their Warrants in accordance with Product Condition 3 shall receive, at the option of the Issuer, in lieu of the Settlement Currency, an amount equal to the Cash Settlement Amount in any other currency as determined by the Issuer.

## 5. Illegality or Impracticability

The Issuer is entitled to terminate the Warrants if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the Warrants, or for the Guarantor to perform its obligations under the Guarantee, in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or
  - (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),(each of (i) and (ii), a "**Change in Law Event**"); or
- (b) for it or any of its affiliates to maintain the Issuer's hedging arrangements with respect to the Warrants due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each Warrant held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

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## PART E — PRODUCT CONDITIONS OF CASH SETTLED COMMODITY FUTURES WARRANTS

*The relevant Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with the applicable Product Conditions, replace or modify the applicable Product Conditions for the purpose of such series of Warrants. Capitalised terms used in the applicable Product Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.*

### 1. Definitions

For the purposes of these Product Conditions:

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Cash Settlement Amount**” means, for every Board Lot, an amount calculated by the Issuer as follows (and, if appropriate, converted into the Settlement Currency at the Exchange Rate):

(a) in the case of a series of call Warrants:

$$\frac{\text{Entitlement} \times (\text{Closing Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

(b) in the case of a series of put Warrants:

$$\frac{\text{Entitlement} \times (\text{Strike Price} - \text{Closing Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

“**CCASS Settlement Day**” has the meaning ascribed to the term “Settlement Day” in the CCASS Rules, subject to such modification and amendment prescribed by HKSCC from time to time;

“**Closing Price**” has the meaning given to it in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Commodity**” means the commodity specified as such in the relevant Supplemental Listing Document;

“**Commodity Futures**” means the commodity futures specified as such in the relevant Supplemental Listing Document;

“**Commodity Futures Trading Day**” means a day on which the Relevant Exchange is scheduled to open for trading;

“**Designated Bank Account**” means the relevant bank account designated by each Holder;

“**Exchange Rate**” means the rate specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

“**General Conditions**” means the general terms and conditions set out in Appendix 1 of the Base Listing Document;

“**Listing Date**” means the date specified as such in the relevant Supplemental Listing Document;

**“Market Disruption Event”** means:

- (a) the occurrence or existence, on the Valuation Date of:
  - (i) any suspension of or limitation imposed on trading:
    - (A) on the Relevant Exchange in the Commodity Futures or securities generally; or
    - (B) on any Related Exchange in any options contracts or futures contracts relating to the Commodity or the Commodity Futures, if, in any such case, such suspension or limitation is, in the determination of the Issuer, material; or
  - (ii) of any event that disrupts or impairs (as determined by the Issuer) the ability of market participants in general to effect transactions in, or obtain market values for, the Commodity Futures, options contracts or futures contracts on or relating to the Commodity or Commodity Futures on any Related Exchange; or
- (b) the failure of the Relevant Exchange to announce or publish any relevant level, value or price in relation to the Commodity Futures (or the information necessary for determining the Closing Price); or
- (c) a limitation or closure of the Relevant Exchange, any Related Exchange or the Stock Exchange due to any other unforeseen circumstances; or
- (d) the permanent discontinuation of trading in the Commodity Future on the Relevant Exchange or the disappearance of, or disappearance of trading in, the Commodity Futures or the Commodity; or
- (e) any circumstances beyond the control of the Issuer in which the Closing Price or the Exchange Rate cannot be determined by the Issuer in the manner set out in these Product Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances; or
- (f) the occurrence of a material change in the content, composition or constitution of the Commodity Futures or the Commodity; or
- (g) the occurrence of a material change in the formula for or the method of calculating the relevant level, value or price in relation to the Commodity Futures.

**“Product Conditions”** means these product terms and conditions;

**“Relevant Currency”** means the currency specified as such in the relevant Supplemental Listing Document;

**“Related Exchange”** means any exchange or quotation system in a major international market on which options contracts or futures contracts or other derivatives contracts relating to the Commodity Futures is traded, as determined by the Issuer;

**“Relevant Exchange”** means the exchange specified as such in the relevant Supplemental Listing Document;

**“Settlement Currency”** means the currency specified as such in the relevant Supplemental Listing Document;

**“Settlement Date”** means the third CCASS Settlement Day after the Valuation Date;

**“Settlement Disruption Event”** means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

**“Strike Price”** means the price specified as such in the relevant Supplemental Listing Document;

**“Unit”** means the unit specified as such in the relevant Supplemental Listing Document; and



“**Valuation Date**” means the date specified as such in the relevant Supplemental Listing Document, provided that if the Issuer determines, in its sole discretion, that on the Valuation Date a Market Disruption Event has occurred, then the Issuer will determine the Closing Price on the basis of its good faith estimate of the Closing Price that would have prevailed on that day but for the occurrence of the Market Disruption Event.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Supplemental Listing Document or the Global Certificate.

## **2. Warrant Rights and Exercise Expenses**

### **2.1 Warrant Rights**

Every Board Lot gives each Holder, upon due exercise and compliance with Product Condition 3, the right to receive payment of the Cash Settlement Amount, if any.

### **2.2 Exercise Expenses**

On exercise of the Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 3.

## **3. Exercise of Warrants**

### *(a) Exercise of Warrants in Board Lots*

Warrants may only be exercised in Board Lots or integral multiples thereof.

### *(b) Automatic Exercise*

The Warrants are exercisable only on the Expiry Date. Any Warrant will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (net of any Exercise Expenses)(if any) in accordance with Product Condition 3(d).

Any Warrant which has not been automatically exercised in accordance with this Product Condition 3(b) shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

### *(c) Cancellation*

The Issuer will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which:

- (i) are the subject of an exercise pursuant to automatic exercise in accordance with these Product Conditions; or
- (ii) have expired worthless,

and thereby cancel the relevant Warrants.

### *(d) Cash Settlement*

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment, in respect of every Board Lot, to the relevant Holder equal to the Cash Settlement Amount (net of any Exercise Expenses). If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount (net of any Exercise Expenses) will be despatched no later than the Settlement Date by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account. If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure

payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

#### **4. Adjustments**

##### **4.1 *Market Disruption Events***

Without limiting Product Condition 3(d), if a Market Disruption Event occurs, the Issuer has the right to adjust the Closing Price, the Exchange Rate and/or any other relevant variables accordingly. The Issuer shall as soon as reasonably practicable under such circumstances notify the Holders in accordance with General Condition 7 if it determines that a Market Disruption Event has occurred.

##### **4.2 *Foreign Currency Controls***

If exchange control or other laws, regulations, directives or guidelines are imposed by any central banking authority or other governmental or regulatory body which:

- (a) requires the Issuer to obtain permission from such authority or body to purchase the Settlement Currency;
- (b) otherwise restricts the Issuer's ability to obtain the Settlement Currency; or
- (c) otherwise adversely regulates the purchase or holding of the Settlement Currency such that additional costs are imposed in obtaining the Settlement Currency which would not be imposed in the absence of such laws, regulations, directives or guidelines, or if the cost of obtaining the Settlement Currency at the Exchange Rate is determined by the Issuer to be excessive because of a disruption in the foreign exchange market relating to the Settlement Currency,

then, upon notice from the Issuer to Holders in accordance with General Condition 7 to such effect, Holders who have exercised their Warrants in accordance with Product Condition 3 shall receive, at the option of the Issuer, in lieu of the Settlement Currency, an amount equal to the Cash Settlement Amount in any other currency as determined by the Issuer.

#### **5. Illegality or Impracticability**

The Issuer is entitled to terminate the Warrants if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the Warrants, or for the Guarantor to perform its obligations under the Guarantee, in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or
  - (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),(each of (i) and (ii), a "**Change in Law Event**"); or
- (b) for it or any of its affiliates to maintain the Issuer's hedging arrangements with respect to the Warrants due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each Warrant held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer

of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

**Sponsor**

**BNP Paribas Securities (Asia) Limited**

59th-63rd Floors  
Two International Finance Centre  
8 Finance Street  
Central, Hong Kong

## **PART F — PRODUCT CONDITIONS OF CASH SETTLED CURRENCY WARRANTS**

*The relevant Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with the applicable Product Conditions, replace or modify the applicable Product Conditions for the purpose of such series of Warrants. Capitalised terms used in the applicable Product Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.*

### **1. Definitions**

For the purposes of these Product Conditions:

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business and for carrying on foreign exchange transactions in Hong Kong;

“**Cash Settlement Amount**” means, for every Board Lot, an amount calculated by the Issuer as follows:

- (a) in the case of a series of call Warrants, as equal to the excess of the Spot Rate over the Strike Rate, multiplied by the Currency Amount, converted (if applicable) into the Settlement Currency at the Settlement Exchange Rate; or
- (b) in the case of a series of put Warrants, as equal to the excess of the Strike Rate over the Spot Rate, multiplied by the Currency Amount, converted (if applicable) into the Settlement Currency at the Settlement Exchange Rate.

“**CCASS Settlement Day**” has the meaning ascribed to the term “Settlement Day” in the CCASS Rules, subject to such modification and amendment prescribed by HKSCC from time to time;

“**Currency Amount**” has the meaning given to it in the relevant Supplemental Listing Document;

“**Currency Pair**” has the meaning given to it in the relevant Supplemental Listing Document;

“**Designated Bank Account**” means the relevant bank account designated by each Holder;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

“**General Conditions**” means the general terms and conditions set out in Appendix 1 of the Base Listing Document;

“**Listing Date**” means the date specified as such in the relevant Supplemental Listing Document;

“**Market Disruption Event**” means:

- (a) the occurrence, or existence, on the Valuation Date, of any circumstances beyond the control of the Issuer in which the Spot Rate or, if applicable, the Settlement Exchange Rate cannot be determined by the Issuer in the manner set out in these Product Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances; and/or
- (b) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount;

“**Product Conditions**” means these product terms and conditions;

“**Settlement Currency**” means the currency specified as such in the relevant Supplemental Listing Document;

“**Settlement Date**” means the third CCASS Settlement Day after the Valuation Date;

“**Settlement Disruption Event**” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

“**Spot Rate**” has the meaning given to it in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Settlement Exchange Rate**” means the rate specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Strike Rate**” means the rate specified as such in the relevant Supplemental Listing Document; and

“**Valuation Date**” means the date specified as such in the relevant Supplemental Listing Document, provided that if the Issuer determines, in its sole discretion, that on the Valuation Date a Market Disruption Event has occurred, then the Issuer will determine the Spot Rate or, if applicable, the Settlement Exchange Rate or any other variables on the basis of its good faith estimate of the Spot Rate or, if applicable, the Settlement Exchange Rate or any other variables that would have prevailed on that day but for the occurrence of the Market Disruption Event.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Supplemental Listing Document or the Global Certificate.

## **2. Warrant Rights and Exercise Expenses**

### **2.1 Warrant Rights**

Every Board Lot gives each Holder, upon due exercise and compliance with Product Condition 3, the right to receive payment of the Cash Settlement Amount, if any.

### **2.2 Exercise Expenses**

On exercise of the Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 3.

## **3. Exercise of Warrants**

### **(a) Exercise of Warrants in Board Lots**

Warrants may only be exercised in Board Lots or integral multiples thereof.

### **(b) Automatic Exercise**

The Warrants are exercisable only on the Expiry Date. Any Warrant will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (net of any Exercise Expenses)(if any) in accordance with Product Condition 3(d).

Any Warrant which has not been automatically exercised in accordance with this Product Condition 3(b) shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

(c) *Cancellation*

The Issuer will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which:

- (i) are the subject of an exercise pursuant to automatic exercise in accordance with these Product Conditions; or
- (ii) have expired worthless,

and thereby cancel the relevant Warrants.

(d) *Cash Settlement*

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment, in respect of every Board Lot, to the relevant Holder equal to the Cash Settlement Amount (net of any Exercise Expenses). If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount (net of any Exercise Expenses) will be despatched no later than the Settlement Date by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

## **4. Adjustments**

### **4.1 *Market Disruption Events***

Without limiting Product Condition 3(d), if a Market Disruption Event occurs, the Issuer has the right to adjust the Spot Rate or, if applicable, the Settlement Exchange Rate and/or any other relevant variables accordingly. The Issuer shall as soon as reasonably practicable under such circumstances notify the Holders in accordance with General Condition 7 if it determines that a Market Disruption Event has occurred.

### **4.2 *Foreign Currency Controls***

If exchange control or other laws, regulations, directives or guidelines are imposed by any central banking authority or other governmental or regulatory body which:

- (a) requires the Issuer to obtain permission from such authority or body to purchase the Settlement Currency;
- (b) otherwise restricts the Issuer's ability to obtain the Settlement Currency; or
- (c) otherwise adversely regulates the purchase or holding of the Settlement Currency such that additional costs are imposed in obtaining the Settlement Currency which would not be imposed in the absence of such laws, regulations, directives or guidelines, or if the cost of obtaining the Settlement Currency at the Settlement Exchange Rate is determined by the Issuer to be excessive because of a disruption in the foreign exchange market relating to the Settlement Currency,

then, upon notice from the Issuer to Holders in accordance with General Condition 7 to such effect, Holders who have exercised their Warrants in accordance with Product Condition 3 shall receive, at the option of the Issuer, in lieu of the Settlement Currency, an amount equal to the Cash Settlement Amount in any other currency as determined by the Issuer.

## 5. Illegality and Impracticability

The Issuer is entitled to terminate the Warrants if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the Warrants, or for the Guarantor to perform its obligations under the Guarantee, in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or
  - (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),(each of (i) and (ii), a “**Change in Law Event**”); or
- (b) for it or any of its affiliates to maintain the Issuer’s hedging arrangements with respect to the Warrants due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each Warrant held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

### **Sponsor**

**BNP Paribas Securities (Asia) Limited**  
59th-63rd Floors  
Two International Finance Centre  
8 Finance Street  
Central, Hong Kong



### APPENDIX 3 — PRODUCT CONDITIONS OF CBBCs

*The following pages set out the Product Conditions in respect of different types of CBBCs.*

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## PART A — PRODUCT CONDITIONS OF CASH SETTLED CALLABLE BULL/BEAR CONTRACTS OVER SINGLE EQUITIES

*These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of CBBCs may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of CBBCs. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the relevant Supplemental Listing Document.*

### 1. Definitions

For the purposes of these Product Conditions:

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Call Price**” means the price specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Cash Settlement Amount**” means:

(a) following a Mandatory Call Event:

- (i) in the case of a series of Category R CBBCs, the Residual Value; or
- (ii) in the case of a series of Category N CBBCs, zero; and

(b) at expiry:

(i) In the case of a series of bull CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Closing Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

(ii) In the case of a series of bear CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Closing Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

“**Category N CBBCs**” means a series of CBBCs where the Call Price is equal to the Strike Price;

“**Category R CBBCs**” means a series of CBBCs where the Call Price is different from the Strike Price;

“**CCASS Settlement Day**” has the meaning ascribed to the term “Settlement Day” in the CCASS Rules, subject to such modification and amendment prescribed by HKSCC from time to time.

“**Closing Price**” means the closing price of one Share, as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any capitalisation, rights issue, distribution or the like on the Valuation Date;

“**Company**” means the company specified as such in the relevant Supplemental Listing Document;

“**Day of Notification**” means the Trading Day immediately following the day on which a Mandatory Call Event occurs;

“**Designated Bank Account**” means the relevant bank account designated by each Holder;

“**Entitlement**” means the number specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the early expiration of CBBCs upon the occurrence of a Mandatory Call Event or exercise of CBBCs upon expiry;

“**General Conditions**” means the general terms and conditions set out in Appendix 1 of the Base Listing Document;

“**Last Trading Day**” means the trading day on the Stock Exchange immediately preceding the Expiry Date;

“**Mandatory Call Event**” means that the Spot Price of the Shares on any Trading Day during the Observation Period is:

- (a) in the case of a series of bull CBBCs, at or below the Call Price; or
- (b) in the case of a series of bear CBBCs, at or above the Call Price;

“**Market Disruption Event**” means:

- (a) the occurrence or existence on any Trading Day during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in (i) the Shares; or (ii) any options or futures contracts relating to the Shares if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;
- (b) the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either (i) results in the Stock Exchange being closed for trading for the entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued; or
- (c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

“**Maximum Trade Price**” means the highest Spot Price of the Shares during the MCE Valuation Period;

“**MCE Valuation Date**” means the last Trading Day during the MCE Valuation Period;

“**MCE Valuation Period**” means the period commencing from and including the moment upon which the Mandatory Call Event occurs (the trading session during which the Mandatory Call Event occurs is the “**1st Session**”) and up to the end of the trading session on the Stock Exchange immediately following the 1st Session (“**2nd Session**”) unless, in the determination of the Issuer in its good faith, the 2nd Session for any reason (including, without limitation, a Market Disruption Event occurring and subsisting in the 2nd Session) does not contain any continuous period of 1 hour or more than 1 hour during which trading in the Shares is permitted on the Stock Exchange with no limitation imposed, the MCE Valuation Period shall be extended to the end of the subsequent trading session following the 2nd Session during which trading in the Shares is permitted on the Stock Exchange with no limitation imposed for a continuous period of at least 1 hour notwithstanding the existence or continuance of a Market Disruption Event in such postponed trading session, unless the Issuer determines in its good faith that each trading session on each of the four Trading Days immediately following the date on which the Mandatory Call Event occurs does not contain any continuous period of 1 hour or more than 1 hour during which trading in the Shares is permitted on the Stock Exchange with no limitation imposed. In that case:

- (a) the period commencing from the 1st Session up to, and including, the last trading session on the Stock Exchange of the fourth Trading Day immediately following the date on which the Mandatory Call Event occurs shall be deemed to be the MCE Valuation Period; and

- (b) the Issuer shall determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) having regard to the then prevailing market conditions, the last reported Spot Price and such other factors as the Issuer may determine to be relevant in its good faith.

For the avoidance of doubt, all Spot Prices available throughout the extended MCE Valuation Period shall be taken into account to determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) for the calculation of the Residual Value.

For the purposes of this definition,

- (A) the pre-opening session, the morning session and, in the case of half day trading, the closing auction session (if any) of the same day; and

- (B) the afternoon session and the closing auction session (if any) of the same day,

shall each be considered as one trading session only;

“**Minimum Trade Price**” means the lowest Spot Price of the Shares during the MCE Valuation Period;

“**Number of CBBC(s) per Entitlement**” has the meaning given to it in the relevant Supplemental Listing Document;

“**Observation Commencement Date**” means the date specified as such in the relevant Supplemental Listing Document;

“**Observation Period**” means the period commencing from and including the Observation Commencement Date up to and including the close of trading on the Stock Exchange on the Last Trading Day. For the avoidance of doubt, the Observation Period shall not be extended notwithstanding the Valuation Date shall not fall on the Last Trading Day;

“**Post MCE Trades**” has the meaning given to it in the relevant Supplemental Listing Document, subject to such modification and amendment prescribed by the Stock Exchange from time to time;

“**Product Conditions**” means these product terms and conditions;

“**Residual Value**” means:

- (a) In the case of a series of bull CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Minimum Trade Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

- (b) In the case of a series of bear CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Maximum Trade Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

“**Settlement Currency**” means the currency specified as such in the relevant Supplemental Listing Document;

“**Settlement Date**” means the third CCASS Settlement Day after (i) the end of the MCE Valuation Period or (ii) the later of: (a) the Expiry Date; and (b) the day on which the Closing Price is determined in accordance with the Conditions (as the case may be);

“**Settlement Disruption Event**” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount (if any) electronically through CCASS to the Designated Bank Account;

“**Share**” means the share of the Company specified as such in the relevant Supplemental Listing Document and “**Shares**” shall be construed accordingly;

**“Spot Price”** means:

- (a) in respect of a continuous trading session of the Stock Exchange, the price per Share concluded by means of automatic order matching on the Stock Exchange as reported in the official real-time dissemination mechanism for the Stock Exchange during such continuous trading session in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules); and
- (b) in respect of a pre-opening session or a closing auction session (if applicable) of the Stock Exchange, as the case may be, the final Indicative Equilibrium Price (as defined in the Trading Rules) of the Share (if any) calculated at the end of the pre-order matching period of such pre-opening session or closing auction session (if applicable), as the case may be, in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules),

subject to such modification and amendment prescribed by the Stock Exchange from time to time;

**“Strike Price”** means the price specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

**“Trading Day”** means any day on which the Stock Exchange is scheduled to be open for trading for its regular trading sessions;

**“Trading Rules”** means the Rules and Regulations of the Exchange prescribed by the Stock Exchange from time to time; and

**“Valuation Date”** means the Trading Day immediately preceding the Expiry Date unless, in the determination of the Issuer, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Issuer determines that there is no Market Disruption Event, unless the Issuer determines that there is a Market Disruption Event occurring on each of the four Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case:

- (a) the fourth Trading Day immediately following the original date shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and
- (b) the Issuer shall determine the Closing Price of the Shares having regard to the then prevailing market conditions, the last reported trading price of the Shares on the Stock Exchange and such other factors as the Issuer determines to be relevant.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Supplemental Listing Document or the Global Certificate.

## **2. Illegality or Impracticability**

The Issuer is entitled to terminate the CBBCs if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the CBBCs, or for the Guarantor to perform its obligations under the Guarantee, in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or
  - (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),(each of (i) and (ii), a **“Change in Law Event”**); or
- (b) for it or any of its affiliates to maintain the Issuer’s hedging arrangements with respect to the CBBCs due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each CBBC held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

### 3. Exercise of CBBCs

#### 3.1 *Exercise of CBBCs in Board Lots*

CBBCs may only be exercised in Board Lots or integral multiples thereof.

#### 3.2 *Automatic Exercise*

If no Mandatory Call Event has occurred during the Observation Period, the CBBCs will be deemed to be automatically exercised on the Expiry Date.

#### 3.3 *Mandatory Call Event*

- (a) Subject to Product Condition 3.3(b), following a Mandatory Call Event, the CBBCs will terminate automatically and the Issuer will give a notice of the Mandatory Call Event and early expiry of the CBBCs (the “**Announcement on MCE and Early Expiration**”) to the Holders in accordance with General Condition 7. Trading in the CBBCs will be suspended immediately upon a Mandatory Call Event and all Post MCE Trades will be cancelled and will not be recognised by the Stock Exchange or the Issuer.

In the case of Category R CBBCs, the Issuer will give a notice of the valuation of the Residual Value (the “**Announcement on Valuation of Residual Value**”) to the Holders before the end of the trading session immediately after the MCE Valuation Period in accordance with General Condition 7.

- (b) A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:

- (i) system malfunction or other technical errors of Hong Kong Exchanges and Clearing Limited; or
- (ii) manifest errors caused by the relevant third party price source where applicable;

and

(A) in the case of a system malfunction or other technical errors prescribed in paragraph (i) above, such event is reported by the Stock Exchange to the Issuer, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked, and

(B) in the case of an error by the relevant price source prescribed in paragraph (ii) above, such event is reported by the Issuer to the Stock Exchange, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked,

in each case, such mutual agreement must be reached no later than 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Day of Notification or such other time frame as prescribed by the Stock Exchange from time to time, in which case, (A) the Mandatory Call Event so triggered will be reversed; and (B) all cancelled trades (if any) will be reinstated and trading of the CBBCs will resume no later than the Trading Day immediately following the Day of Notification in accordance with the rules and/or requirements prescribed by the Stock Exchange from time to time.

#### 3.4 *Entitlement*

Every Board Lot of CBBCs entitles the Holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount (if any).

### 3.5 *Cancellation*

Upon early expiration of the CBBCs at the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date, the Issuer will, with effect from the first Business Day following the MCE Valuation Date or the Expiry Date (as the case may be) remove the name of the Holder from the Register in respect of the number of CBBCs which have expired or exercised (as the case may be) and thereby cancel the relevant CBBCs and if applicable, the Global Certificate.

### 3.6 *Exercise Expenses*

- (a) Any Exercise Expenses which were not determined by the Issuer:
- (i) during the MCE Valuation Period following the Mandatory Call Event; or
  - (ii) otherwise, on the Expiry Date (as the case may be), and were not deducted from the Cash Settlement Amount prior to delivery to the Holder in accordance with Product Condition 3.7, shall be notified to the Holder as soon as practicable after determination thereof by the Issuer and shall be paid by the Holder to the Issuer immediately upon demand.
- (b) Holders shall note that they shall be responsible for additional costs and expenses in connection with any early expiration or exercise of the CBBCs including the Exercise Expenses which amount shall, to the extent necessary, be payable to the Issuer and collected from the Holders.

### 3.7 *Cash Settlement*

Upon early expiration of the CBBCs following the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date (as the case may be), the Issuer will, in respect of every Board Lot, pay the Cash Settlement Amount (net of any Exercise Expenses) (if any) to the relevant Holder. If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount (net of any Exercise Expenses) (if any) will be despatched no later than the Settlement Date by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

### 3.8 *Responsibility of Issuer, Guarantor and Sponsor*

None of the Issuer, the Guarantor, the Sponsor or their respective agents shall have any responsibility for any errors or omissions in the calculation and dissemination of any variables published by a third party and used in any calculation made pursuant to these Product Conditions or in the calculation of the Cash Settlement Amount arising from such errors or omissions.

The purchase of CBBCs does not confer on any Holder of such CBBCs any rights (whether in respect of voting, distributions or otherwise) in relation to the Shares.

### 3.9 *Liability of Issuer, Guarantor and Sponsor*

Exercise and settlement of the CBBCs is subject to all applicable laws, rules, regulations and guidelines in force at the relevant time and neither the Issuer, the Guarantor, nor the Sponsor shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, rules, regulations or guidelines. Neither the Issuer, the Guarantor, nor the Sponsor shall under any circumstances be liable for any acts or defaults of the CCASS in relation to the performance of its duties in relation to the CBBCs.



### 3.10 *Trading*

Subject to Product Condition 3.3(b), trading in CBBCs on the Stock Exchange shall cease:

- (a) immediately upon the occurrence of a Mandatory Call Event; or
- (b) at the close of trading for the Trading Day immediately preceding the Expiry Date, whichever is the earlier.

## 4. **Adjustments**

### 4.1 *Rights Issues*

If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a “**Rights Offer**”), the Entitlement will be adjusted to take effect on the Business Day (“**Rights Issue Adjustment Date**”) on which trading in the Shares becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{1 + M}{1 + (R/S) \times M}$$

- E: Existing Entitlement immediately prior to the Rights Offer
- S: Cum-Rights Share price determined by the closing price on the Stock Exchange on the last Business Day on which Shares are traded on a cum-Rights basis
- R: Subscription price per Share as specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Rights
- M: Number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made to the Entitlement. In addition, the Issuer shall adjust the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Strike Price and the Call Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

“**Rights**” means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

### 4.2 *Bonus Issues*

If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement will be increased on the Business Day (“**Bonus Issue Adjustment Date**”) on which trading in the Shares becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

Adjustment Factor =  $1 + N$

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Shares (whether a whole or a fraction) received by a holder of existing Shares for each Share held prior to the Bonus Issue

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made to the Entitlement. In addition, the Issuer shall adjust the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Strike Price and the Call Price shall take effect on the Bonus Issue Adjustment Date.

#### 4.3 *Share Splits or Consolidations*

If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a “**Subdivision**”) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a “**Consolidation**”), then:

- (i) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivision; and
- (ii) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation (as the case may be) shall have taken effect.

#### 4.4 *Merger or Consolidation*

If it is announced that the Company is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of any corporation or controlled by any person or corporation) (except where the Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the CBBCs may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion).

The rights attaching to the CBBCs after the adjustment shall, after such Restructuring Event, relate to the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Shares, as the case may be, to which the holder of such number of Shares to which the CBBCs related immediately before such Restructuring Event would have been entitled upon such Restructuring Event. Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Shares shall not be affected by this Product Condition 4.4 and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Shares shall include any such cash.

#### 4.5 Cash Distribution

No adjustment will be made for an ordinary cash dividend (whether or not it is offered with a scrip alternative) (“**Ordinary Dividend**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Company, such as a cash bonus, special dividend or extraordinary dividend, no adjustment will be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Share’s closing price on the day of announcement by the Company.

If and whenever the Company shall make a Cash Distribution credited as fully paid to the holders of Shares generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement in respect of the relevant Cash Distribution (“**Cash Distribution Adjustment Date**”) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{S - OD}{S - OD - CD}$$

E: Existing Entitlement immediately prior to the Cash Distribution

S: The closing price of the Share on the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD: The Cash Distribution per Share

OD: The Ordinary Dividend per Share, provided that the date on which the Shares are traded on an ex-Ordinary Dividend basis is the Cash Distribution Adjustment Date. For the avoidance of doubt, the OD shall be zero if the date on which the Shares are traded on an ex-Ordinary Dividend basis is not the Cash Distribution Adjustment Date

In addition, the Issuer shall adjust the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Strike Price and the Call Price shall take effect on the Cash Distribution Adjustment Date.

### 5. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator, receiver or administrator or analogous person under Hong Kong law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised CBBCs will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.

### 6. Delisting

#### 6.1 Adjustments following delisting

If at any time the Shares cease to be listed on the Stock Exchange, the Issuer shall give effect to these Product Conditions in such manner and make such adjustments to the rights attaching to the CBBCs as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Holder or the tax or other consequences that may result in any particular jurisdiction).

## 6.2 *Listing on another exchange*

Without prejudice to the generality of Product Condition 6.1, where the Shares are, or, upon the delisting, become, listed on any other stock exchange, these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

### **Sponsor**

#### **BNP Paribas Securities (Asia) Limited**

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Two International Finance Centre  
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## PART B — PRODUCT CONDITIONS OF CASH SETTLED CALLABLE BULL/BEAR CONTRACTS OVER AN INDEX

*These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Supplemental Listing Document, subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of CBBCs may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of CBBCs. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the relevant Supplemental Listing Document.*

### 1. Definitions

For the purposes of these Product Conditions:

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Call Level**” means the level specified as such in the relevant Supplemental Listing Document;

“**Cash Settlement Amount**” means, in respect of every Board Lot, an amount calculated by the Issuer in accordance with the following formula (and, if appropriate, either (X) converted (if applicable) into the Settlement Currency at the Exchange Rate or, as the case may be, (Y) converted into the Interim Currency at the First Exchange Rate and then (if applicable) converted into Settlement Currency at the Second Exchange Rate):

(a) following a Mandatory Call Event:

(i) in the case of a series of Category R CBBCs, the Residual Value; or

(ii) in the case of a series of Category N CBBCs, zero; and

(b) at expiry:

(i) in the case of a series of bull CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{(\text{Closing Level} - \text{Strike Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

(ii) in the case of a series of bear CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{(\text{Strike Level} - \text{Closing Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

“**Category N CBBCs**” means a series of CBBCs where the Call Level is equal to the Strike Level;

“**Category R CBBCs**” means a series of CBBCs where the Call Level is different from the Strike Level;

“**CCASS Settlement Day**” has the meaning ascribed to the term “Settlement Day” in the CCASS Rules, subject to such modification and amendment prescribed by HKSCC from time to time;

“**Closing Level**” has the meaning given to it in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Day of Notification**” means the Trading Day immediately following the day on which a Mandatory Call Event occurs;

“**Designated Bank Account**” means the relevant bank account designated by each Holder;

“**Divisor**” means the number specified as such in the relevant Supplemental Listing Document;

“**Exchange Rate**” means the rate specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the early expiration of CBBCs upon the occurrence of a Mandatory Call Event or exercise of CBBCs upon expiry;

“**First Exchange Rate**” means the rate specified as such in the relevant Supplemental Listing Document;

“**General Conditions**” means the general terms and conditions set out in Appendix 1 of the Base Listing Document;

“**Index**” means the index specified in the relevant Supplemental Listing Document;

“**Index Business Day**” means any day on which the Index Exchange is scheduled to open for trading for its regular trading sessions;

“**Index Compiler**” has the meaning given to it in the relevant Supplemental Listing Document;

“**Index Currency Amount**” has the meaning given to it in the relevant Supplemental Listing Document;

“**Index Exchange**” has the meaning given to it in the relevant Supplemental Listing Document;

“**Interim Currency**” has the meaning given to it in the relevant Supplemental Listing Document;

“**Last Trading Day**” means the trading day on the Stock Exchange immediately preceding the Expiry Date;

“**Mandatory Call Event**” means that the Spot Level of the Index on any Index Business Day during the Observation Period is:

- (a) in the case of a series of bull CBBCs, at or below the Call Level; or
- (b) in the case of a series of bear CBBCs, at or above the Call Level;

“**Market Disruption Event**” means:

- (a) the occurrence or existence on any Index Business Day during the one-half hour period that ends at the close of trading on the Index Exchange, of any of:
  - (i) the suspension or material limitation of the trading of a material number of constituent securities that comprise the Index; or
  - (ii) the suspension or material limitation of the trading of options or futures contracts relating to the Index on any exchanges on which such contracts are traded; or
  - (iii) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount.

For the purposes of this paragraph (a), (X) the limitation of the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any relevant exchange, and (Y) a limitation on trading imposed by reason of the movements in price exceeding the levels permitted by any relevant exchange will constitute a Market Disruption Event;

- (b) where the Index Exchange is the Stock Exchange, the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either (i) results in the Stock Exchange being closed for trading for the entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only,

closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued;

- (c) a limitation or closure of the Index Exchange due to any unforeseen circumstances; or
- (d) any circumstances beyond the control of the Issuer in which the Closing Level or, if applicable, the Exchange Rate, the First Exchange Rate or the Second Exchange Rate (as the case may be) cannot be determined by the Issuer in the manner set out in these Product Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances;

“**Maximum Index Level**” means the highest Spot Level of the Index during the MCE Valuation Period;

“**MCE Valuation Date**” means the last Trading Day during the MCE Valuation Period;

“**MCE Valuation Period**” means:

- (a) in respect of an Index Exchange located in Hong Kong, the period commencing from and including the moment upon which the Mandatory Call Event occurs (the trading session during which the Mandatory Call Event occurs is the “**1st Session**”) and up to the end of the trading session on the Index Exchange immediately following the 1st Session (“**2nd Session**”) unless, in the determination of the Issuer in its good faith, the 2nd Session for any reason (including, without limitation, a Market Disruption Event occurring and subsisting in the 2nd Session) does not contain any continuous period of 1 hour or more than 1 hour during which Spot Level(s) is/are available, the MCE Valuation Period shall be extended to the end of the subsequent trading session on the Index Exchange following the 2nd Session during which Spot Level(s) is/are available for a continuous period of at least 1 hour notwithstanding the existence or continuance of a Market Disruption Event in such postponed trading session unless the Issuer determines in its good faith that each trading session on each of the four Index Business Days immediately following the date on which the Mandatory Call Event occurs does not contain any continuous period of 1 hour or more than 1 hour during which Spot Levels are available.

In that case:

- (i) the period commencing from the 1st Session up to, and including, the last trading session of the fourth Index Business Day on the Index Exchange immediately following the date on which the Mandatory Call Event occurs shall be deemed to be the MCE Valuation Period; and
- (ii) the Issuer shall determine the Maximum Index Level or the Minimum Index Level (as the case may be) having regard to the then prevailing market conditions, the last reported Spot Level of the Index and such other factors as the Issuer may determine to be relevant in its good faith.

For the avoidance of doubt, all Spot Levels available throughout the extended MCE Valuation Period shall be taken into account to determine the Maximum Index Level or the Minimum Index Level (as the case may be) for the calculation of the Residual Value.

For the purposes of this definition,

- (A) the pre-opening session, the morning session and, in the case of half day trading, the closing auction session (if any) of the same day; and
- (B) the afternoon session and the closing auction session (if any) of the same day,

shall each be considered as one trading session only; and

- (b) in respect of an Index Exchange located outside Hong Kong, the period specified in the relevant Supplemental Listing Document;

“**Minimum Index Level**” means the lowest Spot Level of the Index during the MCE Valuation Period;



“**Observation Commencement Date**” means the date specified as such in the relevant Supplemental Listing Document;

“**Observation Period**” means the period commencing from and including the Observation Commencement Date up to and including the close of trading on the Last Trading Day. For the avoidance of doubt, the Observation Period shall not be extended notwithstanding that the Valuation Date shall not fall on the Last Trading Day;

“**Post MCE Trades**” has the meaning given to it in the relevant Supplemental Listing Document, subject to such modification and amendment prescribed by the Stock Exchange from time to time;

“**Price Source**”, if applicable, has the meaning given to it in the relevant Supplemental Listing Document;

“**Product Conditions**” means these product terms and conditions;

“**Residual Value**” means, in respect of every Board Lot, an amount calculated by the Issuer in accordance with the following formula (and, if appropriate, either, converted (if applicable) into the Settlement Currency at the Exchange Rate, or converted into the Interim Currency at the First Exchange Rate and then (if applicable) converted into Settlement Currency at the Second Exchange Rate):

(a) In the case of a series of bull CBBCs:

$$\text{Residual Value per Board Lot} = \frac{(\text{Minimum Index Level} - \text{Strike Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

(b) In the case of a series of bear CBBCs:

$$\text{Residual Value per Board Lot} = \frac{(\text{Strike Level} - \text{Maximum Index Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

“**Settlement Currency**” means the currency specified as such in the relevant Supplemental Listing Document;

“**Settlement Date**” means the third CCASS Settlement Day after (i) the end of the MCE Valuation Period or (ii) the later of: (a) the Expiry Date; and (b) the day on which the Closing Level is determined in accordance with the Conditions (as the case may be);

“**Settlement Disruption Event**” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount (if any) electronically through CCASS to the Designated Bank Account;

“**Second Exchange Rate**” means the rate specified as such in the relevant Supplemental Listing Document;

“**Spot Level**” means, unless otherwise specified in the relevant Supplemental Listing Document, the spot level of the Index as compiled and published by the Index Compiler;

“**Strike Level**” means the level specified as such in the relevant Supplemental Listing Document;

“**Successor Index**” means the successor index specified in the relevant Supplemental Listing Document;

“**Trading Day**” means any day on which the Stock Exchange is scheduled to be open for trading for its regular trading sessions;

“**Trading Rules**” means the Rules and Regulations of the Exchange prescribed by the Stock Exchange from time to time; and

“**Valuation Date**” means the date specified as such in the relevant Supplemental Listing Document, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on the Valuation Date, then the Issuer shall determine the Closing Level of the Index on the basis of its good faith estimate of the Closing Level that would have prevailed on that day but for the occurrence of the Market Disruption Event provided that the Issuer, if applicable, may, but will not be obliged to, determine such Closing Level by having regard to the manner in which futures contracts relating to the Index are calculated.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Supplemental Listing Document or the Global Certificate.

## 2. Illegality or Impracticability

The Issuer is entitled to terminate the CBBCs if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the CBBCs, or for the Guarantor to perform its obligations under the Guarantee, in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or
  - (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),(each of (i) and (ii), a “**Change in Law Event**”); or
- (b) for it or any of its affiliates to maintain the Issuer’s hedging arrangements with respect to the CBBCs due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each CBBC held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

## 3. Exercise of CBBCs

### 3.1 *Exercise of CBBCs in Board Lots*

CBBCs may only be exercised in Board Lots or integral multiples thereof.

### 3.2 *Automatic Exercise*

If no Mandatory Call Event has occurred during the Observation Period, the CBBCs will be deemed to be automatically exercised on the Expiry Date.

### 3.3 *Mandatory Call Event*

- (a) Subject to Product Condition 3.3(b) below, following a Mandatory Call Event, the CBBCs will be terminated automatically and the Issuer will give a notice of the Mandatory Call Event and early expiry of the CBBCs (the “**Announcement on MCE and Early Expiration**”) to the Holders in accordance with General Condition 7. Trading in the CBBCs will be suspended immediately upon a Mandatory Call Event and all Post MCE Trades will be cancelled and will not be recognised by the Stock Exchange or the Issuer.

In the case of Category R CBBCs, the Issuer will give a notice of the valuation of the Residual Value (the “**Announcement on Valuation of Residual Value**”) to the Holders before the end of the trading session of the Stock Exchange immediately after the corresponding trading session of the Stock Exchange during which the MCE Valuation Period ends in accordance with General Condition 7.

- (b) A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:
  - (i) system malfunction or other technical errors of Hong Kong Exchanges and Clearing Limited; or
  - (ii) manifest errors caused by the relevant third party price source where applicable;

and

- (A) in the case of a system malfunction or other technical errors prescribed in paragraph (i) above, such event is reported by the Stock Exchange to the Issuer and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked, and
- (B) in the case of an error by the relevant price source prescribed in paragraph (ii) above, such event is reported by the Issuer to the Stock Exchange, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked,

in each case,

- (A) in respect of an Index Exchange located in Hong Kong, such mutual agreement must be reached no later than 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Day of Notification or such other time frame as prescribed by the Stock Exchange from time to time; or
- (B) in respect of an Index Exchange located outside Hong Kong:
  - (1) the revocation of the Mandatory Call Event is communicated to the other party by 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Day of Notification or such other time frame as prescribed by the Stock Exchange from time to time; and
  - (2) the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked on the Day of Notification.

In both cases:

- (C) the Mandatory Call Event so triggered will be reversed; and
- (D) all cancelled trades (if any) will be reinstated and trading of the CBBCs will resume no later than the Trading Day immediately following the Day of Notification in accordance with the rules and/or requirements prescribed by the Stock Exchange from time to time.

### 3.4 *Entitlement*

Every Board Lot of CBBCs entitles the Holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount (if any).

### 3.5 *Cancellation*

Upon early expiration of the CBBCs at the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date, the Issuer will, with effect from the first Business Day following the MCE Valuation Date or the Expiry Date (as the case may be) remove the name of the Holder from the Register in respect of the number of CBBCs which have expired or exercised (as the case may be) and thereby cancel the relevant CBBCs and if applicable, the Global Certificate.

### 3.6 *Exercise Expenses*

- (a) Any Exercise Expenses which were not determined by the Issuer:
  - (i) during the MCE Valuation Period following the Mandatory Call Event; or
  - (ii) otherwise, on the Expiry Date (as the case may be), and were not deducted from the Cash Settlement Amount prior to delivery to the Holder in accordance with Product Condition 3.7, shall be notified to the Holder as soon as practicable after determination thereof by the Issuer and shall be paid by the Holder to the Issuer immediately upon demand.

- (b) Holders shall note that they shall be responsible for additional costs and expenses in connection with any early expiration or exercise of the CBBCs including the Exercise Expenses which amount shall, to the extent necessary, be payable to the Issuer and collected from the Holders.

### 3.7 *Cash Settlement*

Upon early termination of the CBBCs following the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date (as the case may be), the Issuer will, in respect of every Board Lot, pay the Cash Settlement Amount (net of any Exercise Expenses)(if any) to the relevant Holder. If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount (net of any Exercise Expenses)(if any) will be despatched no later than the Settlement Date by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

### 3.8 *Responsibility of Issuer, Guarantor and Sponsor*

None of the Issuer, the Guarantor, the Sponsor or their respective agents shall have any responsibility for any errors or omissions in the calculation and dissemination of any variables published by a third party and used in any calculation made pursuant to these Product Conditions or in the calculation of the Cash Settlement Amount arising from such errors or omissions.

The purchase of CBBCs does not confer on any Holder of such CBBCs any rights (whether in respect of voting, distributions or otherwise) in relation to the constituent securities, contracts, commodities or currencies comprising the Index.

### 3.9 *Liability of Issuer, Guarantor and Sponsor*

Exercise and settlement of the CBBCs is subject to all applicable laws, rules, regulations and guidelines in force at the relevant time and neither the Issuer, the Guarantor nor the Sponsor shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, rules, regulations or guidelines. Neither the Issuer, the Guarantor nor the Sponsor shall under any circumstances be liable for any acts or defaults of the CCASS in relation to the performance of its duties in relation to the CBBCs.

### 3.10 *Trading*

Subject to Product Condition 3.3(b), trading in CBBCs on the Stock Exchange shall cease:

- (a) immediately upon the occurrence of a Mandatory Call Event; or
- (b) at the close of trading for the Trading Day immediately preceding the Expiry Date, whichever is the earlier.

## 4. **Adjustments to the Index**

### 4.1 *Successor Index Compiler Calculates and Reports Index*

If the Index is:

- (a) not calculated and announced by the Index Compiler but is calculated and published by a successor to the Index Compiler (the “**Successor Index Compiler**”) acceptable to the Issuer; or

- (b) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then the Index will be deemed to be the index so calculated and announced by the Successor Index Compiler or that successor index, as the case may be.

#### 4.2 *Modification and Cessation of Calculation of Index*

If:

- (a) on any Index Business Day before the Expiry Date, the Index Compiler or (if applicable) the Successor Index Compiler makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities, contracts, commodities or currencies and other routine events); or
- (b) on any Index Business Day before the Expiry Date, the Index Compiler or (if applicable) the Successor Index Compiler fails to calculate and publish the Index (other than as a result of a Market Disruption Event),

then the Issuer shall determine the Closing Level using, in lieu of a published level for the Index, the level for the Index as at that Index Business Day as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure, but using only those securities, contracts, commodities or currencies that comprised the Index immediately prior to that change or failure (other than those securities, contracts, commodities or currencies that have since ceased to be listed on the relevant exchange).

#### **Sponsor**

##### **BNP Paribas Securities (Asia) Limited**

59th-63rd Floors

Two International Finance Centre

8 Finance Street

Central, Hong Kong

## PART C — PRODUCT CONDITIONS OF CASH SETTLED CALLABLE BULL/BEAR CONTRACTS OVER SINGLE UNIT TRUST

*These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Supplemental Listing Document, subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of CBBCs may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of CBBCs. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the relevant Supplemental Listing Document.*

### 1. Definitions

For the purposes of these Product Conditions:

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Call Price**” means the price specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Cash Settlement Amount**” means:

(a) following a Mandatory Call Event:

- (i) in the case of a series of Category R CBBCs, the Residual Value; or
- (ii) in the case of a series of Category N CBBCs, zero; and

(b) at expiry:

- (i) in the case of a series of bull CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Closing Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

- (ii) In the case of a series of bear CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Closing Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

“**Category N CBBCs**” means a series of CBBCs where the Call Price is equal to the Strike Price;

“**Category R CBBCs**” means a series of CBBCs where the Call Price is different from the Strike Price;

“**CCASS Settlement Day**” has the meaning ascribed to the term “Settlement Day” in the CCASS Rules, subject to such modification and amendment prescribed by HKSCC from time to time;

“**Closing Price**” means the closing price of one Unit, as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any capitalisation, rights issue, distribution or the like on the Valuation Date;

“**Day of Notification**” means the Trading Day immediately following the day on which a Mandatory Call Event occurs;

“**Designated Bank Account**” means the relevant bank account designated by each Holder;

“**Entitlement**” means the number specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the early expiration of CBBCs upon the occurrence of a Mandatory Call Event or exercise of CBBCs upon expiry;

“**General Conditions**” means the general terms and conditions set out in Appendix 1 of the Base Listing Document;

“**Last Trading Day**” means the trading day on the Stock Exchange immediately preceding the Expiry Date;

“**Mandatory Call Event**” means that the Spot Price of the Units on any Trading Day during the Observation Period is:

- (a) in the case of a series of bull CBBCs, at or below the Call Price; or
- (b) in the case of a series of bear CBBCs, at or above the Call Price;

“**Market Disruption Event**” means:

- (a) the occurrence or existence on any Trading Day during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in (i) the Units; or (ii) any options or futures contracts relating to the Units if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;
- (b) the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either (i) results in the Stock Exchange being closed for trading for the entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for the opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued; or
- (c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

“**Maximum Trade Price**” means the highest Spot Price of the Units during the MCE Valuation Period;

“**MCE Valuation Date**” means the last Trading Day during the MCE Valuation Period;

“**MCE Valuation Period**” means the period commencing from and including the moment upon which the Mandatory Call Event occurs (the trading session during which the Mandatory Call Event occurs is the “**1st Session**”) and up to the end of the trading session on the Stock Exchange immediately following the 1st Session (“**2nd Session**”) unless, in the determination of the Issuer in its good faith, the 2nd Session for any reason (including, without limitation, a Market Disruption Event occurring and subsisting in the 2nd Session) does not contain any continuous period of 1 hour or more than 1 hour during which trading in the Units is permitted on the Stock Exchange with no limitation imposed, the MCE Valuation Period shall be extended to the end of the subsequent trading session following the 2nd Session during which trading in the Units is permitted on the Stock Exchange with no limitation imposed for a continuous period of at least 1 hour notwithstanding the existence or continuance of a Market Disruption Event in such postponed trading session, unless the Issuer determines in its good faith that each trading session on each of the four Trading Days immediately following the date on which the Mandatory Call Event occurs does not contain any continuous period of 1 hour or more than 1 hour during which trading in the Units is permitted on the Stock Exchange with no limitation imposed.



In that case:

- (a) the period commencing from the 1st Session up to, and including, the last trading session on the Stock Exchange of the fourth Trading Day immediately following the date on which the Mandatory Call Event occurs shall be deemed to be the MCE Valuation Period; and
- (b) the Issuer shall determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) having regard to the then prevailing market conditions, the last reported Spot Price and such other factors as the Issuer may determine to be relevant in its good faith.

For the avoidance of doubt, all Spot Prices available throughout the extended MCE Valuation Period shall be taken into account to determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) for the calculation of the Residual Value.

For the purposes of this definition,

- (A) the pre-opening session, the morning session and, in the case of half day trading, the closing auction session (if any) of the same day; and
- (B) the afternoon session and the closing auction session (if any) of the same day,

shall each be considered as one trading session only;

“**Minimum Trade Price**” means the lowest Spot Price of the Units during the MCE Valuation Period;

“**Number of CBBC(s) per Entitlement**” has the meaning given to it in the relevant Supplemental Listing Document;

“**Observation Commencement Date**” means the date specified as such in the relevant Supplemental Listing Document;

“**Observation Period**” means the period commencing from and including the Observation Commencement Date up to and including the close of trading on the Stock Exchange on the Last Trading Day. For the avoidance of doubt, the Observation Period shall not be extended notwithstanding the Valuation Date shall not fall on the Last Trading Day;

“**Post MCE Trades**” has the meaning given to it in the relevant Supplemental Listing Document, subject to such modification and amendment prescribed by the Stock Exchange from time to time;

“**Product Conditions**” means these product terms and conditions;

“**Residual Value**” means:

- (a) In the case of a series of bull CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Minimum Trade Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

- (b) In the case of a series of bear CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Maximum Trade Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

“**Settlement Currency**” means the currency specified as such in the relevant Supplemental Listing Document;

“**Settlement Date**” means the third CCASS Settlement Day after (i) the end of the MCE Valuation Period or (ii) the later of: (a) the Expiry Date; and (b) the day on which the Closing Price is determined in accordance with the Conditions (as the case may be);

**“Settlement Disruption Event”** means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount (if any) electronically through CCASS to the Designated Bank Account;

**“Spot Price”** means:

- (a) in respect of a continuous trading session of the Stock Exchange, the price per Unit concluded by means of automatic order matching on the Stock Exchange as reported in the official real-time dissemination mechanism for the Stock Exchange during such continuous trading session in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules); and
- (b) in respect of a pre-opening session or a closing auction session (if applicable) of the Stock Exchange, as the case may be, the final Indicative Equilibrium Price (as defined in the Trading Rules) of the Unit (if any) calculated at the end of the pre-order matching period of such pre-opening session or closing auction session (if applicable), as the case may be, in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules),

subject to such modification and amendment prescribed by the Stock Exchange from time to time;

**“Strike Price”** means the price specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

**“Trading Day”** means any day on which the Stock Exchange is scheduled to be open for trading for its regular trading sessions;

**“Trading Rules”** means the Rules and Regulations of the Exchange prescribed by the Stock Exchange from time to time;

**“Trust”** means the trust specified as such in the relevant Supplemental Listing Document;

**“Unit”** means the unit specified as such in the relevant Supplemental Listing Document and **“Units”** shall be construed accordingly; and

**“Valuation Date”** means the Trading Day immediately preceding the Expiry Date unless, in the determination of the Issuer, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Issuer determines that there is no Market Disruption Event, unless the Issuer determines that there is a Market Disruption Event occurring on each of the four Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case:

- (a) the fourth Trading Day immediately following the original date shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and
- (b) the Issuer shall determine the Closing Price of the Units having regard to the then prevailing market conditions, the last reported trading price of the Units on the Stock Exchange and such other factors as the Issuer determines to be relevant.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Supplemental Listing Document or the Global Certificate.

## **2. Illegality or Impracticability**

The Issuer is entitled to terminate the CBBCs if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the CBBCs, or for the Guarantor to perform its obligations under the Guarantee, in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or

- (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),

(each of (i) and (ii), a “**Change in Law Event**”); or

- (b) for it or any of its affiliates to maintain the Issuer’s hedging arrangements with respect to the CBBCs due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each CBBC held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

### 3. Exercise of CBBCs

#### 3.1 *Exercise of CBBCs in Board Lots*

CBBCs may only be exercised in Board Lots or integral multiples thereof.

#### 3.2 *Automatic Exercise*

If no Mandatory Call Event has occurred during the Observation Period, the CBBCs will be deemed to be automatically exercised on the Expiry Date.

#### 3.3 *Mandatory Call Event*

- (a) Subject to Product Condition 3.3(b), following a Mandatory Call Event, the CBBCs will terminate automatically and the Issuer will give a notice of the Mandatory Call Event and early expiry of the CBBCs (the “**Announcement on MCE and Early Expiration**”) to the Holders in accordance with General Condition 7. Trading in the CBBCs will be suspended immediately upon a Mandatory Call Event and all Post MCE Trades will be cancelled and will not be recognised by the Stock Exchange or the Issuer.

In the case of Category R CBBCs, the Issuer will give a notice of the valuation of the Residual Value (the “**Announcement on Valuation of Residual Value**”) to the Holders before the end of the trading session immediately after the MCE Valuation Period in accordance with General Condition 7.

- (b) A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:

- (i) system malfunction or other technical errors of Hong Kong Exchanges and Clearing Limited; or
- (ii) manifest errors caused by the relevant third party price source where applicable;

and

(A) in the case of a system malfunction or other technical errors prescribed in paragraph (i) above, such event is reported by the Stock Exchange to the Issuer, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked, and

(B) in the case of an error by the relevant price source prescribed in paragraph (ii) above, such event is reported by the Issuer to the Stock Exchange, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked,

in each case, such mutual agreement must be reached no later than 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Day of Notification or such other time frame as prescribed by the Stock Exchange from time to time, in which case, (A) the Mandatory Call Event so triggered will be reversed; and (B) all cancelled trades (if any)

will be reinstated and trading of the CBBCs will resume no later than the Trading Day immediately following the Day of Notification in accordance with the rules and/or requirements prescribed by the Stock Exchange from time to time.

### 3.4 *Entitlement*

Every Board Lot of CBBCs entitles the Holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount (if any).

### 3.5 *Cancellation*

Upon early expiration of the CBBCs at the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date, the Issuer will, with effect from the first Business Day following the MCE Valuation Date or the Expiry Date (as the case may be) remove the name of the Holder from the Register in respect of the number of CBBCs which have expired or exercised (as the case may be) and thereby cancel the relevant CBBCs and if applicable, the Global Certificate.

### 3.6 *Exercise Expenses*

- (a) Any Exercise Expenses which were not determined by the Issuer:
  - (i) during the MCE Valuation Period following the Mandatory Call Event; or
  - (ii) otherwise, on the Expiry Date (as the case may be), and were not deducted from the Cash Settlement Amount prior to delivery to the Holder in accordance with Product Condition 3.7, shall be notified to the Holder as soon as practicable after determination thereof by the Issuer and shall be paid by the Holder to the Issuer immediately upon demand.
- (b) Holders shall note that they shall be responsible for additional costs and expenses in connection with any early expiration or exercise of the CBBCs including the Exercise Expenses which amount shall, to the extent necessary, be payable to the Issuer and collected from the Holders.

### 3.7 *Cash Settlement*

Upon early expiration of the CBBCs following the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date (as the case may be), the Issuer will, in respect of every Board Lot, pay the Cash Settlement Amount (net of any Exercise Expenses) (if any) to the relevant Holder. If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount (net of any Exercise Expenses) (if any) will be despatched no later than the Settlement Date by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

### 3.8 *Responsibility of Issuer, Guarantor and Sponsor*

None of the Issuer, the Guarantor, the Sponsor or their respective agents shall have any responsibility for any errors or omissions in the calculation and dissemination of any variables published by a third party and used in any calculation made pursuant to these Product Conditions or in the calculation of the Cash Settlement Amount arising from such errors or omissions.

The purchase of CBBCs does not confer on any Holder of such CBBCs any rights (whether in respect of voting, distributions or otherwise) in relation to the Units.

### 3.9 *Liability of Issuer, Guarantor and Sponsor*

Exercise and settlement of the CBBCs is subject to all applicable laws, rules, regulations and guidelines in force at the relevant time and neither the Issuer, the Guarantor, nor the Sponsor shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, rules, regulations or guidelines. Neither the Issuer, the Guarantor, nor the Sponsor shall under any circumstances be liable for any acts or defaults of the CCASS in relation to the performance of its duties in relation to the CBBCs.

### 3.10 *Trading*

Subject to Product Condition 3.3(b), trading in CBBCs on the Stock Exchange shall cease:

- (a) immediately upon the occurrence of a Mandatory Call Event; or
- (b) at the close of trading for the Trading Day immediately preceding the Expiry Date, whichever is the earlier.

## 4. **Adjustments**

### 4.1 *Rights Issues*

If and whenever the Trust shall, by way of Rights (as defined below), offer new Units for subscription at a fixed subscription price to the holders of existing Units pro rata to existing holdings (a “**Rights Offer**”), the Entitlement will be adjusted to take effect on the Business Day (“**Rights Issue Adjustment Date**”) on which trading in the Units becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{1 + M}{1 + (R/S) \times M}$$

- E : Existing Entitlement immediately prior to the Rights Offer
- S : Cum-Rights Unit price determined by the closing price on the Stock Exchange on the last Business Day on which Units are traded on a cum-Rights basis
- R : Subscription price per Unit as specified in the Rights Offer plus an amount equal to any distributions or other benefits foregone to exercise the Rights
- M : Number of new Unit(s) (whether a whole or a fraction) per existing Unit each holder thereof is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made to the Entitlement. In addition, the Issuer shall adjust the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Strike Price and the Call Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

“**Rights**” means the right(s) attached to each existing Unit or needed to acquire one new Unit (as the case may be) which are given to the holders of existing Units to subscribe at a fixed subscription price for new Units pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

#### 4.2 *Bonus Issues*

If and whenever the Trust shall make an issue of Units credited as fully paid to the holders of Units generally (other than pursuant to a scrip distribution or similar scheme for the time being operated by the Trust or otherwise in lieu of a cash distribution and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement will be increased on the Business Day (“**Bonus Issue Adjustment Date**”) on which trading in the Units becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = 1 + N$$

E : Existing Entitlement immediately prior to the Bonus Issue

N : Number of additional Units (whether a whole or a fraction) received by a holder of existing Units for each Unit held prior to the Bonus Issue

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made to the Entitlement. In addition, the Issuer shall adjust the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. The adjustment to the Strike Price and the Call Price shall take effect on the Bonus Issue Adjustment Date.

#### 4.3 *Subdivisions or Consolidations*

If and whenever the Trust shall subdivide its Units or any class of its outstanding Units into a greater number of units (a “**Subdivision**”) or consolidate the Units or any class of its outstanding Units into a smaller number of units (a “**Consolidation**”), then:

- (i) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivision; and
- (ii) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation (as the case may be) shall have taken effect.

#### 4.4 *Merger or Consolidation*

If it is announced that the Trust is to or may merge or consolidate with or into any other trust or corporation (including becoming, by agreement or otherwise, controlled by any person or corporation) (except where the Trust is the surviving entity in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the CBBCs may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion).

The rights attaching to the CBBCs after the adjustment shall, after such Restructuring Event, relate to the number of units of the trust(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Units, as the case may be, to which the holder of such number of Units to which the CBBCs related immediately before such Restructuring Event would have been entitled upon such Restructuring Event. Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the



Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Units shall not be affected by this Product Condition 4.4 and, where cash is offered in substitution for Units or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Units shall include any such cash.

#### 4.5 *Cash Distribution*

No adjustment will be made for an ordinary cash distribution (whether or not it is offered with a scrip alternative) (“**Ordinary Distribution**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Trust, such as a cash bonus, special distribution or extraordinary distribution, no adjustment will be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Unit’s closing price on the day of announcement by the Trust.

If and whenever the Trust shall make a Cash Distribution credited as fully paid to the holders of Units generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement in respect of the relevant Cash Distribution (“**Cash Distribution Adjustment Date**”) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{S - OD}{S - OD - CD}$$

E : Existing Entitlement immediately prior to the Cash Distribution

S : The closing price of the Unit on the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD : The Cash Distribution per Unit

OD : The Ordinary Distribution per Unit, provided that the date on which the Units are traded on an ex-Ordinary Distribution basis is the Cash Distribution Adjustment Date. For the avoidance of doubt, the OD shall be zero if the date on which the Units are traded on an ex-Ordinary Distribution basis is not the Cash Distribution Adjustment Date

In addition, the Issuer shall adjust the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Strike Price and the Call Price shall take effect on the Cash Distribution Adjustment Date.

#### 5. **Termination or Liquidation**

In the event of a Termination, liquidation or dissolution of the trustee of the Trust (including any successor trustee appointed from time to time) (“**Trustee**”) (in its capacity as trustee of the Trust) or the appointment of a liquidator, receiver or administrator or analogous person under Hong Kong law in respect of the whole or substantially the whole of the Trustee’s undertaking, property or assets, all unexercised CBBCs will lapse and shall cease to be valid for any purpose. In the case of a Termination, the unexercised CBBCs will lapse and shall cease to be valid on the effective date of the Termination, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.



For the purpose of this Product Condition 5, “**Termination**” means (i) the Trust is terminated, or the Trustee or the manager of the Trust (including any successor manager appointed from time to time) (“**Manager**”) is required to terminate the Trust under the trust deed (“**Trust Deed**”) constituting the Trust or applicable law, or the termination of the Trust commences; (ii) the Trust is held or is conceded by the Trustee or the Manager not to have been constituted or to have been imperfectly constituted; (iii) the Trustee ceases to be authorised under the Trust to hold the property of the Trust in its name and perform its obligations under the Trust Deed; or (iv) the Trust ceases to be authorised as an authorised collective investment scheme under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

## **6. Delisting**

### **6.1 *Adjustments following delisting***

If at any time the Units cease to be listed on the Stock Exchange, the Issuer shall give effect to these Product Conditions in such manner and make such adjustments to the rights attaching to the CBBCs as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Holder or the tax or other consequences that may result in any particular jurisdiction).

### **6.2 *Listing on another exchange***

Without prejudice to the generality of Product Condition 6.1, where the Units are, or, upon the delisting, become, listed on any other stock exchange, these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

### **Sponsor**

#### **BNP Paribas Securities (Asia) Limited**

59th-63rd Floors

Two International Finance Centre

8 Finance Street

Central, Hong Kong

**APPENDIX 4 — AUDITORS' REPORT AND THE GUARANTOR'S  
CONSOLIDATED FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2012**

The information in this Appendix 4 is the Guarantor's Consolidated Financial Statements for the year ended 31 December 2012. References to page numbers on the following pages are to the page numbers of such Consolidated Financial Statements.

**BNP PARIBAS**

**STATUTORY AUDITORS' REPORT  
ON THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2012**

**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 Régnauld  
92400 Courbevoie

**STATUTORY AUDITORS' REPORT  
ON THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2012**

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

**BNP Paribas**  
16 boulevard des Italiens  
75009 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2012, on:

- the audit of the accompanying consolidated financial statements of BNP Paribas;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

## **I – Opinion on the consolidated financial statements**

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2012 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

## **II – Justification of our assessments**

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

### *Impairment provisions for credit and counterparty risk*

BNP Paribas records impairment provisions to cover the credit and counterparty risk inherent to its business as described in notes 1.c.5, 2.f, 4, 5.f and 5.g to the consolidated financial statements. We examined the control procedures applicable to identifying risk exposure, monitoring credit and counterparty risk, defining impairment testing methods and determining individual and portfolio-based impairment losses.

### *Measurement of financial instruments*

BNP Paribas uses internal models and methodologies to value its positions on financial instruments which are not traded on active markets, as well as to determine certain provisions and assess whether hedging designations are appropriate. We examined the control procedures applicable to identifying inactive markets, verifying these models and determining the inputs used.

### *Impairment of available-for-sale assets*

BNP Paribas recognises impairment losses on available-for-sale assets where there is objective evidence of a prolonged or significant decline in value, as described in notes 1.c.5, 2.d and 5.c to the consolidated financial statements. We examined the control procedures relating to the identification of such evidence, the valuations of the most significant captions, and the estimates used, where applicable, to record impairment losses.

### *Impairment related to goodwill*

BNP Paribas carried out impairment tests on goodwill which led to the recording of impairment losses in 2012, as described in notes 1.b.4 and 5.o to the consolidated financial statements. We examined the methods used to implement these tests as well as the main assumptions, inputs and estimates used, where applicable, to record impairment losses.

### *Deferred tax assets*

BNP Paribas recognises deferred tax assets during the year, notably in respect of tax loss carryforwards, as described in notes 1.k, 2.g and 5.k to the consolidated financial statements. We examined the main estimates and assumptions used to record those deferred tax assets.

### *Provisions for employee benefits*

BNP Paribas raises provisions to cover its employee benefit obligations, as described in notes 1.h and 7.b to the consolidated financial statements. We examined the method adopted to measure these obligations, as well as the main assumptions and inputs used.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

### **III – Specific verification**

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, 8 March 2013

The Statutory Auditors

Deloitte & Associés

PricewaterhouseCoopers Audit

Mazars

Damien Laurent

Etienne Boris

Hervé Hélias



# CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012







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**CONSOLIDATED FINANCIAL STATEMENTS**

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

*The consolidated financial statements of the BNP Paribas Group are presented for the years ended 31 December 2012 and 31 December 2011. In accordance with Article 20.1 of Annex I of European Commission Regulation (EC) 809/2004, the consolidated financial statements for 2010 are provided in the registration document filed with the Autorité des marchés financiers on 9 March 2012 under number D.12-0145.*

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

| In millions of euros   | Notes | Year to 31 Dec. 2012 | Year to 31 Dec. 2011 |
|--|-------|----------------------|----------------------|
| Interest income  | 2.a   | 44,476               | 47,124               |
| Interest expense   | 2.a   | (22,731)             | (23,143)             |
| Commission income  | 2.b   | 12,601               | 13,695               |
| Commission expense   | 2.b   | (5,069)              | (5,276)              |
| Net gain/loss on financial instruments at fair value through profit or loss                                | 2.c   | 3,312                | 3,733                |
| Net gain/loss on available-for-sale financial assets and other financial assets not measured at fair value | 2.d   | 1,624                | 280                  |
| Income from other activities   | 2.e   | 33,720               | 26,836               |
| Expense on other activities  | 2.e   | (28,861)             | (20,865)             |
| <b>REVENUES</b>  |       | <b>39,072</b>        | <b>42,384</b>        |
| Operating expense  |       | (25,007)             | (24,608)             |
| Depreciation, amortisation and impairment of property, plant and equipment and intangible assets           | 5.n   | (1,543)              | (1,508)              |
| <b>GROSS OPERATING INCOME</b>  |       | <b>12,522</b>        | <b>16,268</b>        |
| Cost of risk   | 2.f   | (3,941)              | (6,797)              |
| <b>OPERATING INCOME</b>  |       | <b>8,581</b>         | <b>9,471</b>         |
| Share of earnings of associates  |       | 489                  | 80                   |
| Net gain on non-current assets   |       | 1,792                | 206                  |
| Goodwill   | 5.o   | (490)                | (106)                |
| <b>PRE-TAX INCOME</b>  |       | <b>10,372</b>        | <b>9,651</b>         |
| Corporate income tax   | 2.g   | (3,059)              | (2,757)              |
| <b>NET INCOME</b>  |       | <b>7,313</b>         | <b>6,894</b>         |
| Net income attributable to minority interests  |       | 760                  | 844                  |
| <b>NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS</b>   |       | <b>6,553</b>         | <b>6,050</b>         |
| Basic earnings per share   | 8.a   | 5.16                 | 4.82                 |
| Diluted earnings per share   | 8.a   | 5.15                 | 4.81                 |



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

| In millions of euros   | Year to 31 Dec. 2012 | Year to 31 Dec. 2011 |
|--|----------------------|----------------------|
| <b>Net income for the period</b>   | <b>7,313</b>         | <b>6,894</b>         |
| <b>Changes in assets and liabilities recognised directly in equity</b>   | <b>5,518</b>         | <b>(1,748)</b>       |
| - Items related to exchange rate movements   | 113                  | (61)                 |
| - Changes in fair value of available-for-sale financial assets, including those reclassified as loans and receivables                        | 4,761                | (2,532)              |
| - Changes in fair value of available-for-sale financial assets reported in net income, including those reclassified as loans and receivables | (284)                | 277                  |
| - Changes in fair value of hedging instruments   | 559                  | 640                  |
| - Changes in fair value of hedging instruments reported in net income  | 6                    | (15)                 |
| - Items related to investments in associates   | 363                  | (57)                 |
| <b>Total</b>   | <b>12,831</b>        | <b>5,146</b>         |
| - Attributable to equity shareholders  | 11,178               | 4,487                |
| - Attributable to minority interests   | 1,653                | 659                  |

**BALANCE SHEET AT 31 DECEMBER 2012**

| In millions of euros  | Notes | 31 December 2012 | 31 December 2011 |
|---|-------|------------------|------------------|
| <b>ASSETS</b>   |       |                  |                  |
| Cash and amounts due from central banks   |       | 103,190          | 58,382           |
| Financial instruments at fair value through profit or loss                                  |       |                  |                  |
| Trading securities  | 5.a   | 143,465          | 157,624          |
| Loans and repurchase agreements   | 5.a   | 146,899          | 153,799          |
| Instruments designated at fair value through profit or loss                                 | 5.a   | 62,800           | 57,073           |
| Derivative financial instruments  | 5.a   | 410,635          | 451,967          |
| Derivatives used for hedging purposes   | 5.b   | 14,267           | 9,700            |
| Available-for-sale financial assets   | 5.c   | 192,506          | 192,468          |
| Loans and receivables due from credit institutions  | 5.f   | 40,406           | 49,369           |
| Loans and receivables due from customers  | 5.g   | 630,520          | 665,834          |
| Remeasurement adjustment on interest-rate risk hedged portfolios                            |       | 5,836            | 4,060            |
| Held-to-maturity financial assets   | 5.j   | 10,284           | 10,576           |
| Current and deferred tax assets   | 5.k   | 8,661            | 11,570           |
| Accrued income and other assets   | 5.l   | 99,359           | 93,540           |
| Policyholders' surplus reserve  | 5.p   | -                | 1,247            |
| Investments in associates   | 5.m   | 7,040            | 4,474            |
| Investment property   | 5.n   | 927              | 11,444           |
| Property, plant and equipment   | 5.n   | 17,319           | 18,278           |
| Intangible assets   | 5.n   | 2,585            | 2,472            |
| Goodwill  | 5.o   | 10,591           | 11,406           |
| <b>TOTAL ASSETS</b>   |       | <b>1,907,290</b> | <b>1,965,283</b> |
| <b>LIABILITIES</b>  |       |                  |                  |
| Due to central banks  |       | 1,532            | 1,231            |
| Financial instruments at fair value through profit or loss                                  |       |                  |                  |
| Trading securities  | 5.a   | 52,432           | 100,013          |
| Borrowings and repurchase agreements  | 5.a   | 203,063          | 173,271          |
| Instruments designated at fair value through profit or loss                                 | 5.a   | 43,530           | 42,044           |
| Derivative financial instruments  | 5.a   | 404,598          | 447,467          |
| Derivatives used for hedging purposes   | 5.b   | 17,286           | 14,331           |
| Due to credit institutions  | 5.f   | 111,735          | 149,154          |
| Due to customers  | 5.g   | 539,513          | 546,284          |
| Debt securities   | 5.i   | 173,198          | 157,786          |
| Remeasurement adjustment on interest-rate risk hedged portfolios                            |       | 2,067            | 356              |
| Current and deferred tax liabilities  | 5.k   | 3,046            | 3,489            |
| Accrued expenses and other liabilities  | 5.l   | 86,691           | 81,010           |
| Technical reserves of insurance companies   | 5.p   | 147,992          | 133,058          |
| Provisions for contingencies and charges  | 5.q   | 10,962           | 10,480           |
| Subordinated debt   | 5.i   | 15,223           | 19,683           |
| <b>TOTAL LIABILITIES</b>  |       | <b>1,812,868</b> | <b>1,879,657</b> |
| <b>CONSOLIDATED EQUITY</b>  |       |                  |                  |
| Share capital, additional paid-in capital and retained earnings                             |       | 76,102           | 70,714           |
| Net income for the period attributable to shareholders                                      |       | 6,553            | 6,050            |
| Total capital, retained earnings and net income for the period attributable to shareholders |       | 82,655           | 76,764           |
| Change in assets and liabilities recognised directly in equity                              |       | 3,231            | (1,394)          |
| <b>Shareholders' equity</b>   |       | <b>85,886</b>    | <b>75,370</b>    |
| Retained earnings and net income for the period attributable to minority interests          |       | 8,124            | 10,737           |
| Changes in assets and liabilities recognised directly in equity                             |       | 412              | (481)            |
| <b>Total minority interests</b>   |       | <b>8,536</b>     | <b>10,256</b>    |
| <b>TOTAL CONSOLIDATED EQUITY</b>  |       | <b>94,422</b>    | <b>85,626</b>    |
| <b>TOTAL LIABILITIES AND EQUITY</b>   |       | <b>1,907,290</b> | <b>1,965,283</b> |



# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

| In millions of euros  | Notes | Year to 31 Dec. 2012 | Year to 31 Dec. 2011 |
|---|-------|----------------------|----------------------|
| Pre-tax income  |       | 10,372               | 9,651                |
| Non-monetary items included in pre-tax net income and other adjustments                         |       | 8,540                | 18,975               |
| Net depreciation/amortisation expense on property, plant and equipment and intangible assets    |       | 3,663                | 3,788                |
| Impairment of goodwill and other non-current assets   |       | 493                  | 135                  |
| Net addition to provisions  |       | 7,004                | 6,359                |
| Share of earnings of associates   |       | (489)                | (80)                 |
| Net income from investing activities  |       | (1,783)              | (246)                |
| Net expense (income) from financing activities  |       | 217                  | (1,719)              |
| Other movements   |       | (565)                | 10,738               |
| <b>Net increase in cash related to assets and liabilities generated by operating activities</b> |       | <b>38,424</b>        | <b>11,719</b>        |
| Net decrease in cash related to transactions with credit institutions                           |       | (22,052)             | (11,427)             |
| Net increase (decrease) in cash related to transactions with customers                          |       | 47,028               | (68,092)             |
| Net increase in cash related to transactions involving other financial assets and liabilities   |       | 17,890               | 96,551               |
| Net decrease in cash related to transactions involving non-financial assets and liabilities     |       | (2,455)              | (2,970)              |
| Taxes paid  |       | (1,987)              | (2,343)              |
| <b>NET INCREASE IN CASH AND EQUIVALENTS GENERATED BY OPERATING ACTIVITIES</b>                   |       | <b>57,336</b>        | <b>40,345</b>        |
| Net increase in cash related to acquisitions and disposals of consolidated entities             | 8.d   | 2,911                | 325                  |
| Net decrease related to property, plant and equipment and intangible assets                     |       | (1,631)              | (1,938)              |
| <b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS RELATED TO INVESTING ACTIVITIES</b>          |       | <b>1,280</b>         | <b>(1,613)</b>       |
| Increase (decrease) in cash and equivalents related to transactions with shareholders           |       | 543                  | (3,910)              |
| Decrease in cash and equivalents generated by other financing activities                        |       | (8,246)              | (11,058)             |
| <b>NET DECREASE IN CASH AND EQUIVALENTS RELATED TO FINANCING ACTIVITIES</b>                     |       | <b>(7,703)</b>       | <b>(14,968)</b>      |
| <b>EFFECT OF MOVEMENT IN EXCHANGE RATES ON CASH AND EQUIVALENTS</b>                             |       | <b>(1,035)</b>       | <b>1,550</b>         |
| <b>NET INCREASE IN CASH AND EQUIVALENTS</b>   |       | <b>49,878</b>        | <b>25,314</b>        |
| Balance of cash and equivalent accounts at the start of the period                              |       | 50,329               | 25,015               |
| Cash and amounts due from central banks   |       | 58,382               | 33,568               |
| Due to central banks  |       | (1,231)              | (2,123)              |
| On demand deposits with credit institutions   | 5.f   | 12,099               | 11,273               |
| On demand loans from credit institutions  | 5.f   | (18,308)             | (17,464)             |
| Deduction of receivables and accrued interest on cash and equivalents                           |       | (613)                | (239)                |
| <b>Balance of cash and equivalent accounts at the end of the period</b>                         |       | <b>100,207</b>       | <b>50,329</b>        |
| Cash and amounts due from central banks   |       | 103,190              | 58,382               |
| Due to central banks  |       | (1,532)              | (1,231)              |
| On demand deposits with credit institutions   | 5.f   | 8,665                | 12,099               |
| On demand loans from credit institutions  | 5.f   | (9,840)              | (18,308)             |
| Deduction of receivables and accrued interest on cash and equivalents                           |       | (276)                | (613)                |
| <b>NET INCREASE IN CASH AND EQUIVALENTS</b>   |       | <b>49,878</b>        | <b>25,314</b>        |



# STATEMENT OF CHANGES IN SHAREHOLDERS'

| In millions of euros  | Capital and retained earnings                |                                  |                          |                |                               |   |              |
|---|--|----------------------------------|--------------------------|----------------|-------------------------------|---|--------------|
|   | Attributable to shareholders                 |                                  |                          |                | Minority interests            |   |              |
|   | Share capital and additional paid-in capital | Undated Super Subordinated Notes | Non-distributed reserves | Total          | Capital and retained earnings | Preferred shares eligible as Tier 1 capital | Total        |
| Capital and retained earnings at 31 December 2010                             | 25,711                                       | 8,029                            | 40,723                   | 74,463         | 9,401                         | 1,892                                       | 11,293       |
| <b>Appropriation of net income for 2010</b>                                   |  |                                  | <b>(2,521)</b>           | <b>(2,521)</b> | <b>(462)</b>                  |   | <b>(462)</b> |
| Increases in capital and issues   | 396  |                                  |                          | 396            |                               |   |              |
| Reduction in capital  |  |                                  |                          |                |                               | (500)                                       | (500)        |
| Impact of redemption of undated super subordinated notes                      |  |                                  | 114                      | 114            |                               |   |              |
| Movements in own equity instruments   | (427)  | (768)                            | 91                       | (1,104)        |                               |   |              |
| Share-based payment plans   |  |                                  | 65                       | 65             |                               |   |              |
| Remuneration on preferred shares and undated super subordinated notes         |  |                                  | (295)                    | (295)          | (117)                         |   | (117)        |
| Impact of internal transactions on minority shareholders (note 8.c)           |  |                                  | (80)                     | (80)           | 80                            |   | 80           |
| Change in consolidation method impacting minority shareholders                |  |                                  | (8)                      | (8)            | 63                            |   | 63           |
| Acquisitions of additional interests or partial sales of interests (note 8.c) |  |                                  | (292)                    | (292)          | (477)                         |   | (477)        |
| Change in commitments to repurchase minority shareholders' interests          |  |                                  | 3                        | 3              | (16)                          |   | (16)         |
| Other movements   | (2)  |                                  | (25)                     | (27)           | 65                            | 3   | 68           |
| Change in assets and liabilities recognised directly in equity                |  |                                  |                          |                |                               |   |              |
| <b>Net income for 2011</b>  |  |                                  | <b>6,050</b>             | <b>6,050</b>   | <b>844</b>                    |   | <b>844</b>   |
| Interim dividend payments   |  |                                  |                          |                | (39)                          |   | (39)         |
| Capital and retained earnings at 31 December 2011                             | 25,678                                       | 7,261                            | 43,825                   | 76,764         | 9,342                         | 1,395                                       | 10,737       |
| <b>Appropriation of net income for 2011</b>                                   |  |                                  | <b>(1,430)</b>           | <b>(1,430)</b> | <b>(232)</b>                  |   | <b>(232)</b> |
| Increases in capital and issues   | 1,153  |                                  |                          | 1,153          |                               |   |              |
| Reduction in capital  | (378)  |                                  |                          | (378)          | (250)                         | (683)                                       | (933)        |
| Movements in own equity instruments   | 268  | (20)                             | (46)                     | 202            | 10                            |   | 10           |
| Share-based payment plans   |  |                                  | 72                       | 72             |                               |   |              |
| Remuneration on preferred shares and undated super subordinated notes         |  |                                  | (280)                    | (280)          | (86)                          |   | (86)         |
| Impact of internal transactions on minority shareholders (note 8.c)           |  |                                  | 8                        | 8              | (11)                          |   | (11)         |
| Change in consolidation method impacting minority shareholders                |  |                                  |                          |                | (2,027)                       |   | (2,027)      |
| Acquisitions of additional interests or partial sales of interests (note 8.c) |  |                                  |                          |                | (4)                           |   | (4)          |
| Change in commitments to repurchase minority shareholders' interests          |  |                                  | 5                        | 5              | (15)                          |   | (15)         |
| Other movements   | (7)  |                                  | (7)                      | (14)           | (81)                          | 40  | (41)         |
| Change in assets and liabilities recognised directly in equity                |  |                                  |                          |                |                               |   |              |
| <b>Net income for 2012</b>  |  |                                  | <b>6,553</b>             | <b>6,553</b>   | <b>760</b>                    |   | <b>760</b>   |
| Interim dividend payments   |  |                                  |                          |                | (34)                          |   | (34)         |
| Capital and retained earnings at 31 December 2012                             | 26,714                                       | 7,241                            | 48,700                   | 82,655         | 7,372                         | 752   | 8,124        |





## EQUITY BETWEEN 1 JAN. 2011 AND 31 DEC. 2012

| Changes in assets and liabilities recognised directly in equity |   |                                       |         |                    | Total equity   |
|---|---|---------------------------------------|---------|--------------------|----------------|
| Attributable to shareholders                                    |   |                                       |         | Minority interests |                |
| Exchange rates  | Financial assets available for sale and reclassified as loans and receivables | Derivatives used for hedging purposes | Total   |                    |                |
| (401)   | (14)  | 584                                   | 169     | (296)              | 85,629         |
|   |   |                                       |         |                    | <b>(2,983)</b> |
|   |   |                                       |         |                    | 396            |
|   |   |                                       |         |                    | (500)          |
|   |   |                                       |         |                    | 114            |
|   |   |                                       |         |                    | (1,104)        |
|   |   |                                       |         |                    | 65             |
|   |   |                                       |         |                    | (412)          |
|   |   |                                       |         |                    | 55             |
|   |   |                                       |         |                    | (769)          |
|   |   |                                       |         |                    | (13)           |
|   |   |                                       |         |                    | 41             |
| (44)  | (2,182)   | 663                                   | (1,563) | (185)              | (1,748)        |
|   |   |                                       |         |                    | <b>6,894</b>   |
|   |   |                                       |         |                    | (39)           |
| (445)   | (2,196)   | 1,247                                 | (1,394) | (481)              | 85,626         |
|   |   |                                       |         |                    | <b>(1,662)</b> |
|   |   |                                       |         |                    | 1,153          |
|   |   |                                       |         |                    | (1,311)        |
|   |   |                                       |         |                    | 212            |
|   |   |                                       |         |                    | 72             |
|   |   |                                       |         |                    | (366)          |
|   |   |                                       |         |                    | (3)            |
|   |   |                                       |         |                    | (2,027)        |
|   |   |                                       |         |                    | (4)            |
|   |   |                                       |         |                    | (10)           |
|   |   |                                       |         |                    | (55)           |
| (51)  | 4,345   | 331                                   | 4,625   | 893                | 5,518          |
|   |   |                                       |         |                    | <b>7,313</b>   |
|   |   |                                       |         |                    | (34)           |
| (496)   | 2,149   | 1,578                                 | 3,231   | 412                | 94,422         |



## NOTES TO THE FINANCIAL STATEMENTS

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

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

#### 1.a APPLICABLE ACCOUNTING STANDARDS

The consolidated financial statements of the BNP Paribas Group have been prepared in accordance with international accounting standards (International Financial Reporting Standards – IFRS), as adopted for use in the European Union<sup>1</sup>. Accordingly, certain provisions of IAS 39 on hedge accounting have been excluded, and certain recent texts have not yet undergone the approval process.

In the consolidated financial statements at 31 December 2012, the Group has adopted the amendment to IFRS 7 "Financial Instruments: Disclosures – Transfers of Financial Assets" adopted by the European Union on 23 November 2011 (see note 5.r). This amendment has no impact on the recognition and measurement of transactions.

The introduction of other standards, which are mandatory as of 1 January 2012, has no effect on the 2012 financial statements.

The Group did not choose to early-adopt the new standards, amendments, and interpretations adopted by the European Union whose application in 2012 was optional.

As of 1 January 2013, in accordance with the amendment to IAS 19 "Employee Benefits" adopted in June 2012 by the European Union, the retirement benefit liability will be recognised in the Group's balance sheet taking into account actuarial gains or losses which would not have been recognised or amortised at this date. This liability will thus be increased by EUR 412 million and by EUR 570 million respectively at 1 January 2012 and 31 December 2012 in the restated 2012 accounts presented in the 2013 financial statements; the 2012 pre-tax income will therefore be increased accordingly by EUR 7 million.

On 29 December 2012, the European Union adopted the amendment to IAS 32 "Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities", IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", and the amended IAS 28 "Investments in Associates and Joint Ventures", mandatory for financial periods starting on or after 1 January 2014, and IFRS 13 "Fair Value Measurement", applicable prospectively for financial periods starting on or after 1 January 2013. The Group is in the process of analysing the potential impacts of these new standards on the consolidated financial statements.

Information on the nature and extent of risks relating to financial instruments as required by IFRS 7 "Financial Instruments: Disclosures" and to insurance contracts as required by IFRS 4 "Insurance Contracts", along with information on regulatory capital required by IAS 1 "Presentation of Financial Statements" is presented in Chapter 5 of the Annual Report. This information, which is an integral part of the notes to the BNP Paribas Group's consolidated financial statements, is covered by the opinion of the Statutory Auditors concerning the consolidated financial statements, and is identified in the Annual Report by the word "Audited".

<sup>(1)</sup> The full set of standards adopted for use in the European Union can be found on the website of the European Commission at: [http://ec.europa.eu/internal\\_market/accounting/ias\\_en.htm#adopted-commission](http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission).



## **1.b CONSOLIDATION**

### **1.b.1 SCOPE OF CONSOLIDATION**

The consolidated financial statements of BNP Paribas include all entities under the exclusive or joint control of the Group or over which the Group exercises significant influence, with the exception of those entities whose consolidation is regarded as immaterial to the Group. The consolidation of an entity is regarded as immaterial if its contribution to the consolidated financial statements is below the following three thresholds: EUR 15 million of consolidated Revenues, EUR 1 million of consolidated gross operating income or net income before tax, EUR 500 million of total consolidated assets. Companies that hold shares in consolidated companies are also consolidated.

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

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

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

### **1.b.2 CONSOLIDATION METHODS**

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

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

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

Enterprises over which the Group exercises significant influence (associates) are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decisions of an enterprise without exercising control. Significant influence is presumed to exist when



the Group holds, directly or indirectly, 20% or more of the voting power of an enterprise. Interests of less than 20% are excluded from consolidation unless they represent a strategic investment and the Group effectively exercises significant influence. This applies to companies developed in partnership with other groups, where the BNP Paribas Group participates in strategic decisions of the enterprise through representation on the Board of Directors or equivalent governing body, exercises influence over the enterprise's operational management by supplying management systems or senior managers and provides technical assistance to support the enterprise's development.

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

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

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

Transactions resulting in a loss of control completed prior to 1 January 2010 gave rise to the recognition of a gain or loss equal to the difference between the sale price and the Group's share in the underlying equity. For transactions completed after 1 January 2010, the revised IAS 27 required any equity interest retained by the Group to be remeasured at its fair value through profit or loss.

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

### **1.b.3 CONSOLIDATION PROCEDURES**

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

- **Elimination of intragroup balances and transactions**

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

- **Translation of financial statements expressed in foreign currencies**

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

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

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



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

On liquidation or disposal of some or all of an interest held in a foreign enterprise located outside the euro zone, leading to a change in the nature of the investment (loss of control, significant influence or joint control), the cumulative translation adjustment recorded in equity at the date of the liquidation or sale is recognised in the profit and loss account.

Should the percentage interest held change without any modification in the nature of the investment, the translation adjustment is reallocated between the portion attributable to shareholders and that attributable to minority interests, if the enterprise is fully consolidated. For associates and joint ventures, the portion related to the interest sold is recognised in the profit and loss account.

#### **1.b.4 BUSINESS COMBINATIONS AND MEASUREMENT OF GOODWILL**

- **Business combinations**

Business combinations are accounted for using the purchase method.

Under this method, the acquiree's identifiable assets and liabilities assumed are measured at fair value at the acquisition date except for non-current assets classified as assets held for sale, which are accounted for at fair value less costs to sell.

The acquiree's contingent liabilities are not recognised in the consolidated balance sheet unless they represent a present obligation on the acquisition date and their fair value can be measured reliably.

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

Any contingent consideration is included in the cost, as soon as control is obtained, at its fair value on the date when control was acquired. Subsequent changes in the value of any contingent consideration recognised as a financial liability are recognised through profit or loss.

The Group may recognise any adjustments to the provisional accounting within 12 months of the acquisition date.

Goodwill represents the difference between the cost of the combination and the acquirer's interest in the net fair value of the identifiable assets and liabilities of the acquiree at the acquisition date. Positive goodwill is recognised in the acquirer's balance sheet, while negative goodwill is recognised immediately in profit or loss, on the acquisition date. Minority interests are measured at their share of the fair value of the acquiree's identifiable assets and liabilities. However, for each business combination, the Group can elect to measure minority interests at fair value, in which case a proportion of goodwill is allocated to them. To date, the Group has never used this latter option.

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

On the acquisition date, any previously held equity interest in the acquiree is remeasured at its fair value through profit or loss. In the case of a step acquisition, the goodwill is therefore determined by reference to the acquisition-date fair value.

Since the revised IFRS 3 is applied prospectively, business combinations completed prior to 1 January 2010 were not restated for the effects of changes to IFRS 3.



As permitted under IFRS 1, business combinations that took place before 1 January 2004 and were recorded in accordance with the previously applicable accounting standards (French GAAP), have not been restated in accordance with the principles of IFRS 3.

- **Measurement of goodwill**

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

- Cash-generating units

The BNP Paribas Group has split all its activities into cash-generating units<sup>2</sup> representing major business lines. This split is consistent with the Group's organisational structure and management methods, and reflects the independence of each unit in terms of results and management approach. It is reviewed on a regular basis in order to take account of events likely to affect the composition of cash-generating units, such as acquisitions, disposals and major reorganisations.

- Testing cash-generating units for impairment

Goodwill allocated to cash-generating units is tested for impairment annually and whenever there is an indication that a unit may be impaired, by comparing the carrying amount of the unit with its recoverable amount. If the recoverable amount is less than the carrying amount, an irreversible impairment loss is recognised, and the goodwill is written down by the excess of the carrying amount of the unit over its recoverable amount.

- Recoverable amount of a cash-generating unit

The recoverable amount of a cash-generating unit is the higher of the fair value of the unit and its value in use.

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

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

## **1.c FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

### **1.c.1 LOANS AND RECEIVABLES**

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

Loans and receivables are initially measured at fair value or equivalent, which is usually the net amount disbursed at inception including directly attributable origination costs and certain types of fees

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<sup>(2)</sup> As defined by IAS 36.



or commission (syndication commission, commitment fees and handling charges) that are regarded as an adjustment to the effective interest rate on the loan.

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

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

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

## 1.c.2 REGULATED SAVINGS AND LOAN CONTRACTS

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

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

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

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

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

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

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

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



**1.c.3 SECURITIES**

- **Categories of securities**

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

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are composed of:

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

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

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

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

- Loans and receivables

Securities with fixed or determinable payments that are not traded on an active market, apart from securities for which the owner may not recover almost all of its initial investment due to reasons other than credit deterioration, are classified as "Loans and receivables" if they do not meet the criteria to be classified as "Financial assets at fair value through profit or loss." These securities are measured and recognised as described in section 1.c.1.

- Held-to-maturity financial assets

Held-to-maturity financial assets are investments with fixed or determinable payments and fixed maturity that the Group has the intention and ability to hold until maturity. Hedges contracted to cover assets in this category against interest rate risk do not qualify for hedge accounting as defined in IAS 39.

Assets in this category are accounted for at amortised cost using the effective interest method, which builds in amortisation of premium and discount (corresponding to the difference between the purchase price and redemption value of the asset) and acquisition costs (where material). Income earned from this category of assets is included in "Interest income" in the profit and loss account.

- Available-for-sale financial assets

Available-for-sale financial assets are fixed-income and variable-income securities other than those classified as "fair value through profit or loss" or "held-to-maturity" or "loans and receivables".

Assets included in the available-for-sale category are initially recorded at fair value, plus transaction costs where material. At the balance sheet date, they are remeasured at fair value, with changes in fair



value (excluding accrued interest) shown on a separate line in shareholders' equity. Upon disposal, these unrealised gains and losses are transferred from shareholders' equity to the profit and loss account, where they are shown on the line "Net gain/loss on available-for-sale financial assets". The same applies in the event of impairment.

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

- **Repurchase agreements and securities lending/borrowing**

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

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

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

- **Date of recognition for securities transactions**

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

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

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



#### 1.c.4 FOREIGN CURRENCY TRANSACTIONS

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

- Monetary assets and liabilities<sup>3</sup> expressed in foreign currencies

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

- Non-monetary assets and liabilities expressed in foreign currencies

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

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

#### 1.c.5 IMPAIRMENT AND RESTRICTING OF FINANCIAL ASSETS

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

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

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

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

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<sup>(3)</sup> Monetary assets and liabilities are assets and liabilities to be received or paid in fixed or determinable amounts of cash.



- knowledge or indications that the borrower meets significant financial difficulty, such that a risk can be considered to have arisen regardless of whether the borrower has missed any payments;
- concessions with respect to the credit terms granted to the borrower that the lender would not have considered had the borrower not been meeting financial difficulty (see section "Restructuring of assets classified as "loans and receivables").

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

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

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

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

- **Impairment of available-for-sale financial assets**

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

In the case of variable-income securities quoted in an active market, the control system identifies securities that may be impaired on a long term basis and is based on criteria such as a significant decline in quoted price below the acquisition cost or a prolonged decline, which prompts the Group to carry out an additional individual qualitative analysis. This may lead to the recognition of an impairment loss calculated on the basis of the quoted price.

Apart from the identification criteria, the Group has determined three indications of impairment, one being a significant decline in price, defined as a fall of more than 50% of the acquisition price, another being a prolonged decline over two consecutive years and the final one being a decline on average of at



least 30% over an observation period of one year. The Group believes that a period of two years is what is necessary for a moderate decline in price below the purchase cost to be considered as something more than just the effect of random volatility inherent in the stock markets or a cyclical change lasting a few years, but which represents a lasting phenomenon justifying an impairment.

A similar method is applied for variable-income securities not quoted in an active market. Any impairment is then determined based on the model value.

In the case of fixed-income securities, impairment is assessed based on the same criteria applied to individually impaired loans and receivables. For securities quoted in an active market, impairment is determined based on the quoted price. For all the others, it is determined based on model value.

Impairment losses taken against variable-income securities are recognised as a component of Revenues on the line "Net gain/loss on available-for-sale financial assets", and may not be reversed through the profit and loss account until these securities are sold. Any subsequent decline in fair value constitutes an additional impairment loss, recognised in the profit and loss account.

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

- **Restructuring of assets classified as "loans and receivables"**

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

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

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

When the restructuring consists of a partial or full settlement with other substantially different assets, the original debt (see note 1.c.14) and the assets received in settlement are recognised at their fair value on the settlement date. The difference in value is recognised in profit or loss under "Cost of risk".

## 1.c.6 RECLASSIFICATION OF FINANCIAL ASSETS

The only authorised reclassifications of financial assets are the following:

- For a non-derivative financial asset which is no longer held for the purposes of selling it in the near-term, out of "Financial assets at fair value through profit or loss" and into:
  - "Loans and receivables" if the asset meets the definition for this category and the Group has the intention and ability to hold the asset for the foreseeable future or until maturity; or
  - Other categories only under rare circumstances when justified and provided that the reclassified assets meet the conditions applicable to the host portfolio.
- Out of "Available-for-sale financial assets" and into:
  - "Loans and receivables" with the same conditions as set out above for "Financial assets at fair value through profit or loss";
  - "Held-to-maturity financial assets," for assets that have a maturity, or "Financial assets at cost," for unlisted variable-income assets.

Financial assets are reclassified at fair value, or at the value calculated by a model, on the reclassification date. Any derivatives embedded in the reclassified financial assets are recognised separately and changes in fair value are recognised through profit or loss.



After reclassification, assets are recognised according to the provisions applied to the host portfolio. The transfer price on the reclassification date is deemed to be the initial cost of the asset for the purpose of determining any impairment.

In the event of reclassification from "available-for-sale financial assets" to another category, gains or losses previously recognised through equity are amortised to profit or loss over the residual life of the instrument using the effective interest method.

Any upward revisions to the estimated recoverable amounts are recognised through an adjustment to the effective interest rate as of the date on which the estimate is revised. Downward revisions are recognised through an adjustment to the financial asset's carrying amount.

### **1.c.7 ISSUES OF DEBT SECURITIES**

Financial instruments issued by the Group are qualified as debt instruments if the Group company issuing the instruments has a contractual obligation to deliver cash or another financial asset to the holder of the instrument. The same applies if the Group is required to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group, or to deliver a variable number of the Group's own equity instruments.

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

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

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

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

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

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

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

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

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



### 1.c.9 DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

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

- **Derivatives held for trading purposes**

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

- **Derivatives and hedge accounting**

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

- **Embedded derivatives**

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





### 1.c.10 DETERMINATION OF FAIR VALUE

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

Fair value is determined:

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

Whether or not a market is active is determined by a variety of factors. Characteristics of an inactive market include a significant decline in the volume and level of trading activity in identical or similar instruments, reduced availability of prices from information providers, a significant variation in available prices between market participants or a lack of recent observed transaction prices.

- **Use of quoted prices in an active market**

If quoted prices in an active market are available, they are used to determine fair value. These represent directly quoted prices for identical instruments.

- **Use of models to value unquoted financial instruments**

The majority of over-the-counter derivatives are traded in active markets. Valuations are determined using generally accepted models (discounted cash flows, Black-Scholes model, interpolation techniques) based on quoted market prices for similar instruments or underlyings.

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

These models use market parameters calibrated on the basis of observable data such as yield curves, implicit volatility layers of options, default rates, and loss assumptions.

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

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

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

Other illiquid complex financial instruments are valued using internally-developed techniques, that are based on data which are entirely or partly not observable in active markets.



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

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

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

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

Financial assets or financial liabilities may be designated on initial recognition as at fair value through profit or loss, in the following cases:

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

### **1.c.12 INCOME AND EXPENSES ARISING FROM FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Income and expenses arising from financial instruments measured at amortised cost and from fixed-income securities classified in "Available-for-sale financial assets" are recognised in the profit and loss account using the effective interest method.

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

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

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

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

**1.c.13 COST OF RISK**

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

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

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

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

**1.c.15 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

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

Repurchase agreements and derivatives traded with clearing houses that meet the two criteria set out in the accounting standard are offset in the balance sheet.



## 1.d ACCOUNTING STANDARDS SPECIFIC TO INSURANCE BUSINESS

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

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

### 1.d.1 ASSETS

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

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

### 1.d.2 LIABILITIES

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

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

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

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

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

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

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



the liabilities side of the consolidated balance sheet; a deferred tax liability is recognised on the portion taken to shareholders' equity.

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

In the event of an unrealised loss on shadow accounted assets, a policyholders' loss reserve is recognised on the assets side of the consolidated balance sheet in an amount equal to the probable deduction from the policyholders' future profit share. The recoverability of the policyholders' loss reserve is assessed prospectively, taking into account policyholders' surplus reserves recognised elsewhere, capital gains on financial assets that are not shadow accounted due to accounting elections made (held-to-maturity financial assets and property investments measured at cost) and the company's ability and intention to hold the assets carrying the unrealised loss. The policyholders' loss reserve is recognised symmetrically with the corresponding assets and shown on the assets side of the balance sheet under the line item "Accrued income and other assets".

### **1.d.3 PROFIT AND LOSS ACCOUNT**

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

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

## **1.e PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS**

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

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

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

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

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

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

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

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



Where an asset consists of a number of components which may require replacement at regular intervals, or which have different uses or generate economic benefits at different rates, each component is recognised separately and depreciated using a method appropriate to that component. The BNP Paribas Group has adopted the component-based approach for property used in operations and for investment property.

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

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

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

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

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

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

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

## **1.f LEASES**

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

### **1.f.1 LESSOR ACCOUNTING**

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

- **Finance leases**

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

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



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

- **Operating leases**

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

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

## 1.f.2 LESSEE ACCOUNTING

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

- **Finance leases**

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

- **Operating leases**

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

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

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

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

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



Where a group of assets and liabilities held for sale represents a cash generating unit, it is categorised as a “discontinued operation”. Discontinued operations include operations that are held for sale, operations that have been shut down, and subsidiaries acquired exclusively with a view to resell.

All gains and losses related to discontinued operations are shown separately in the profit and loss account, on the line “Post-tax gain/loss on discontinued operations and assets held for sale”. This line includes the post-tax profits or losses of discontinued operations, the post-tax gain or loss arising from remeasurement at fair value less costs to sell, and the post-tax gain or loss on disposal of the operation.

## 1.h EMPLOYEE BENEFITS

Employee benefits are classified in one of four categories:

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

- **Short-term benefits**

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

- **Long-term benefits**

These are benefits, other than post-employment benefits and termination benefits, which are not settled fully within 12 months after the employees render the related service. This relates, in particular, to compensation deferred for more than 12 months and not linked to the BNP Paribas share price, which is accrued in the financial statements for the period in which it is earned.

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

- **Termination benefits**

Termination benefits are employee benefits payable as a result of a decision by the Group to terminate a contract of employment before the legal retirement age or a decision by an employee to accept voluntary redundancy in exchange for these benefits. Termination benefits due more than 12 months after the balance sheet date are discounted.

- **Post-employment benefits**

In accordance with IFRS, The BNP Paribas Group draws a distinction between defined-contribution plans and defined-benefit plans.





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

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

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

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

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

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

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

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

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

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

## **1.i SHARE-BASED PAYMENT**

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

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

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



- **Stock option and share award plans**

The expense related to stock option and share award plans is recognised over the vesting period, if the benefit is conditional upon the grantee's continued employment.

Stock options and share award expenses are recorded under salary and employee benefits expenses, with a corresponding adjustment to shareholders' equity. They are calculated on the basis of the overall plan value, determined at the date of grant by the Board of Directors.

In the absence of any market for these instruments, financial valuation models are used that take into account any performance conditions related to the BNP Paribas share price. The total expense of a plan is determined by multiplying the unit value per option or share awarded by the estimated number of options or shares awarded vested at the end of the vesting period, taking into account the conditions regarding the grantee's continued employment.

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

- **Share price-linked cash-settled deferred compensation plans**

The expense related to these plans is recognised in the year during which the employee rendered the corresponding services.

If the payment of share-based variable compensation is explicitly subject to the employee's continued presence at the vesting date, the services are presumed to have been rendered during the vesting period and the corresponding compensation expense is recognised on a pro rata basis over that period. The expense is recognised under salary and employee benefits expenses with a corresponding liability in the balance sheet. It is revised to take into account any non-fulfilment of the continued presence or performance conditions and the change in BNP Paribas share price.

If there is no continued presence condition, the expense is not deferred, but recognised immediately with a corresponding liability in the balance sheet. This is then revised on each reporting date until settlement to take into account any performance conditions and the change in the BNP Paribas share price.

- **Share subscriptions or purchases offered to employees under the company savings plan**

Share subscriptions or purchases offered to employees under the company savings plan (*Plan d'Épargne Entreprise*) at lower-than-market rates over a specified period do not include a vesting period. However, employees are prohibited by law from selling shares acquired under this plan for a period of five years. This restriction is taken into account when measuring the benefit to the employees, which is reduced accordingly. Therefore, the benefit equals the difference, at the date the plan is announced to employees, between the fair value of the share (after allowing for the restriction on sale) and the acquisition price paid by the employee, multiplied by the number of shares acquired.

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



## 1.j PROVISIONS RECORDED UNDER LIABILITIES

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

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

## 1.k CURRENT AND DEFERRED TAXES

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

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

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

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

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

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

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

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

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



## 1.1 CASH FLOW STATEMENT

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

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

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

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

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

Preparation of the financial statements requires managers of core businesses and corporate functions to make assumptions and estimates that are reflected in the measurement of income and expense in the profit and loss account and of assets and liabilities in the balance sheet, and in the disclosure of information in the notes to the financial statements. This requires the managers in question to exercise their judgement and to make use of information available at the date of the preparation of the financial statements when making their estimates. The actual future results from operations where managers have made use of estimates may in reality differ significantly from those estimates, mainly according to market conditions. This may have a material effect on the financial statements.

This applies in particular to:

- impairment losses recognised to cover credit risks inherent in banking intermediation activities;
- the use of internally-developed models to measure positions in financial instruments that are not quoted in active markets;
- calculations of the fair value of unquoted financial instruments classified in "Available-for-sale financial assets", "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss", and more generally calculations of the fair value of financial instruments subject to a fair value disclosure requirement;
- whether a market is active or inactive for the purposes of using a valuation technique;
- impairment losses on variable-income financial assets classified as "Available-for-sale";
- impairment tests performed on intangible assets;
- the appropriateness of the designation of certain derivative instruments such as cash flow hedges, and the measurement of hedge effectiveness;
- estimates of the residual value of assets leased under finance leases or operating leases, and more generally of assets on which depreciation is charged net of their estimated residual value;
- the measurement of provisions for contingencies and charges.

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



## 2. NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

### 2.a NET INTEREST INCOME

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

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

| In millions of euros  | Year to 31 Dec. 2012 |                 |               | Year to 31 Dec. 2011 |                 |               |
|---|----------------------|-----------------|---------------|----------------------|-----------------|---------------|
|   | Income               | Expense         | Net           | Income               | Expense         | Net           |
| <b>Customer items</b>   | 29,093               | (9,375)         | 19,718        | 29,146               | (8,740)         | 20,406        |
| Deposits, loans and borrowings                                    | 27,622               | (9,246)         | 18,376        | 27,424               | (8,388)         | 19,036        |
| Repurchase agreements   | 21                   | (79)            | (58)          | 61                   | (203)           | (142)         |
| Finance leases  | 1,450                | (50)            | 1,400         | 1,661                | (149)           | 1,512         |
| <b>Interbank items</b>  | 1,719                | (2,562)         | (843)         | 2,102                | (2,621)         | (519)         |
| Deposits, loans and borrowings                                    | 1,645                | (2,281)         | (636)         | 1,905                | (2,274)         | (369)         |
| Repurchase agreements   | 74                   | (281)           | (207)         | 197                  | (347)           | (150)         |
| <b>Debt securities issued</b>                                     | -                    | (3,445)         | (3,445)       | -                    | (4,025)         | (4,025)       |
| <b>Cash flow hedge instruments</b>                                | 2,849                | (2,477)         | 372           | 2,903                | (2,535)         | 368           |
| <b>Interest rate portfolio hedge instruments</b>                  | 2,146                | (3,577)         | (1,431)       | 1,519                | (2,712)         | (1,193)       |
| <b>Financial instruments at fair value through profit or loss</b> | 2,293                | (1,295)         | 998           | 4,518                | (2,510)         | 2,008         |
| Fixed-income securities   | 1,438                | -               | 1,438         | 2,435                | -               | 2,435         |
| Loans / Borrowings  | 207                  | (360)           | (153)         | 357                  | (528)           | (171)         |
| Repurchase agreements   | 648                  | (814)           | (166)         | 1,726                | (1,776)         | (50)          |
| Debt securities   | -                    | (121)           | (121)         | -                    | (206)           | (206)         |
| <b>Available-for-sale financial assets</b>                        | 5,889                | -               | 5,889         | 6,268                | -               | 6,268         |
| <b>Held-to-maturity financial assets</b>                          | 487                  | -               | 487           | 668                  | -               | 668           |
| <b>Total interest income/(expense)</b>                            | <b>44,476</b>        | <b>(22,731)</b> | <b>21,745</b> | <b>47,124</b>        | <b>(23,143)</b> | <b>23,981</b> |

Interest income on individually impaired loans amounted to EUR 610 million in the year ended 31 December 2012 compared with EUR 554 million in the year ended 31 December 2011.



## 2.b COMMISSION INCOME AND EXPENSE

Commission income and expense on financial instruments not measured at fair value through profit or loss amounted to EUR 3,258 million and EUR 601 million respectively in 2012, compared with income of EUR 3,583 million and expense of EUR 596 million in 2011.

Net commission income related to trust and similar activities through which the Group holds or invests assets on behalf of clients, trusts, pension and personal risk funds or other institutions amounted to EUR 2,298 million in 2012, compared with EUR 2,454 million in 2011.

## 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. 2012 | Year to 31 Dec. 2011 |
|--|----------------------|----------------------|
| <b>Trading book</b>  | <b>5,505</b>         | <b>952</b>           |
| Debt instruments   | 2,066                | (297)                |
| Equity instruments   | 3,132                | 455                  |
| Other derivatives  | 307                  | 806                  |
| Repurchase agreements  | -                    | (12)                 |
| <b>Financial instruments designated at fair value through profit or loss</b>             | <b>(2,818)</b>       | <b>2,891</b>         |
| <i>Of which debt remeasurement effect arising from BNPP group issuer risk (note 5.a)</i> | <i>(1,617)</i>       | <i>1,190</i>         |
| <b>Impact of hedge accounting</b>  | <b>16</b>            | <b>(117)</b>         |
| Fair value hedges  | 258                  | (1,989)              |
| Hedged items in fair value hedge   | (242)                | 1,872                |
| <b>Remeasurement of currency positions</b>   | <b>609</b>           | <b>7</b>             |
| <b>Total</b>   | <b>3,312</b>         | <b>3,733</b>         |

Net gains on the trading book in 2012 and 2011 include a non-material amount related to the ineffective portion of cash flow hedges.



## 2.d NET GAIN/LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS AND OTHER FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE

| In millions of euros  | Year to 31 Dec. 2012 | Year to 31 Dec. 2011 |
|---|----------------------|----------------------|
| Loans and receivables, fixed-income securities <sup>(1)</sup> | 839                  | (408)                |
| Disposal gains and losses                                     | 839                  | (408)                |
| <b>Equities and other variable-income securities</b>          | <b>785</b>           | <b>688</b>           |
| Dividend income   | 515                  | 453                  |
| Additions to impairment provisions                            | (465)                | (731)                |
| Net disposal gains  | 735                  | 966                  |
| <b>Total</b>  | <b>1,624</b>         | <b>280</b>           |

<sup>(1)</sup> Interest income from fixed-income financial instruments is included in "Net interest income" (note 2.a), and impairment losses related to potential issuer default are included in "Cost of risk" (note 2.f).

After the impact of insurance policyholders' surplus reserve, unrealised gains and losses previously recorded under "Change in assets and liabilities recognised directly in shareholders' equity" and included in the pre-tax income, amount to a gain of EUR 445 million for the year ended 31 December 2012 compared with a net gain of EUR 742 million for the year ended 31 December 2011.

The application of the automatic impairment criteria and qualitative analysis led to a first impairment of variable-income securities, for the following amounts:

- EUR 45 million linked to a decline in price of more than 50% of the acquisition price (EUR 44 million in 2011).
- EUR 8 million linked to the observation of an unrealised loss over two consecutive years (EUR 23 million in 2011).
- EUR 11 million linked to the observation of an unrealised loss of at least an average of 30% over one year (not used in 2011).
- EUR 54 million linked to an additional qualitative analysis (EUR 73 million in 2011).

## 2.e NET INCOME FROM OTHER ACTIVITIES

| In millions of euros                               | Year to 31 Dec. 2012 |                 |              | Year to 31 Dec. 2011 |                 |              |
|--|----------------------|-----------------|--------------|----------------------|-----------------|--------------|
|  | Income               | Expense         | Net          | Income               | Expense         | Net          |
| Net income from insurance activities               | 24,715               | (21,460)        | 3,255        | 18,204               | (14,559)        | 3,645        |
| Net income from investment property                | 375                  | (178)           | 197          | 1,301                | (500)           | 801          |
| Net income from assets held under operating leases | 5,871                | (4,844)         | 1,027        | 5,627                | (4,567)         | 1,060        |
| Net income from property development activities    | 1,214                | (1,006)         | 208          | 216                  | (41)            | 175          |
| Other net income                                   | 1,545                | (1,373)         | 172          | 1,488                | (1,198)         | 290          |
| <b>Total net income from other activities</b>      | <b>33,720</b>        | <b>(28,861)</b> | <b>4,859</b> | <b>26,836</b>        | <b>(20,865)</b> | <b>5,971</b> |

The decrease in net income from investment properties is due to the loss of control over Klépierre at the end of the first quarter 2012 (see note 8.d).



- **Net income from insurance activities**

| In millions of euros  | Year to 31 Dec. 2012 | Year to 31 Dec. 2011 |
|---|----------------------|----------------------|
| Gross premiums written  | 19,813               | 16,288               |
| Policy benefit expenses   | (15,267)             | (12,484)             |
| Movement in technical reserves  | (4,246)              | 1,572                |
| Change in value of admissible investments related to unit-linked policies | 3,361                | (1,597)              |
| Reinsurance ceded   | (519)                | (361)                |
| Other income and expense  | 113                  | 227                  |
| <b>Total net income from insurance activities</b>                         | <b>3,255</b>         | <b>3,645</b>         |

"Policy benefit expenses" include 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 policies. Interest paid on such contracts is recognised in "Interest expense".

## 2.f COST OF RISK

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

- **Cost of risk for the period**

Cost of risk for the period

| In millions of euros   | Year to 31 Dec. 2012 | Year to 31 Dec. 2011 |
|--|----------------------|----------------------|
| Net allowances to impairment   | (4,173)              | (6,751)              |
| <i>of which Greek sovereign debt <sup>(1)</sup></i>                      | (62)                 | (3,241)              |
| Recoveries on loans and receivables previously written off               | 714                  | 514                  |
| Irrecoverable loans and receivables not covered by impairment provisions | (482)                | (560)                |
| <b>Total cost of risk for the period</b>                                 | <b>(3,941)</b>       | <b>(6,797)</b>       |

<sup>(1)</sup> The impairment allowance relating to Greek sovereign debt recognised in 2011 resulted from the release in cost of risk of the change in value recognised in equity on the date when these securities were reclassified as loans and receivables (see note 4), i.e. EUR 1,296 million, and from additional impairment assuming a 75% loss of their par value.

Cost of risk for the period by asset type

| In millions of euros                               | Year to 31 Dec. 2012 | Year to 31 Dec. 2011 |
|--|----------------------|----------------------|
| Loans and receivables due from credit institutions | 6                    | 47                   |
| Loans and receivables due from customers           | (3,769)              | (6,085)              |
| Available-for-sale financial assets                | (13)                 | (569)                |
| Held-to-maturity financial assets                  | -                    | (22)                 |
| Financial instruments on trading activities        | (118)                | (132)                |
| Other assets                                       | (8)                  | 4                    |
| Off-balance sheet commitments and other items      | (39)                 | (40)                 |
| <b>Total cost of risk for the period</b>           | <b>(3,941)</b>       | <b>(6,797)</b>       |





- **Provisions for impairment: credit risks**

Movement in impairment provisions during the period

| In millions of euros                                  | Year to 31 Dec. 2012 | Year to 31 Dec. 2011 |
|---|----------------------|----------------------|
| <b>Total impairment provisions at start of period</b> | <b>30,675</b>        | <b>29,783</b>        |
| Net allowance to impairment                           | 4,173                | 6,005                |
| <i>of which Greek sovereign debt</i>                  | 62                   | 2,395                |
| Utilisation of impairment provisions                  | (6,007)              | (3,935)              |
| Effect of exchange rate movements and other items     | (424)                | (1,178)              |
| <b>Total impairment provisions at end of period</b>   | <b>28,417</b>        | <b>30,675</b>        |

Impairment provision by asset type

| In millions of euros   | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| <b>Impairment of assets</b>  |                  |                  |
| Loans and receivables due from credit institutions ( <i>note 5.f</i> ) | 537              | 707              |
| Loans and receivables due from customers ( <i>note 5.g</i> )           | 26,525           | 27,958           |
| Financial instruments on trading activities                            | 276              | 598              |
| Available-for-sale financial assets ( <i>note 5.c</i> )                | 69               | 162              |
| Held-to-maturity financial assets                                      | -                | 223              |
| Other assets   | 34               | 36               |
| <b>Total impairment provisions against financial assets</b>            | <b>27,441</b>    | <b>29,684</b>    |
| <i>of which specific provisions</i>                                    | 23,100           | 24,818           |
| <i>of which collective provisions</i>                                  | 4,341            | 4,866            |
| <b>Provisions recognised as liabilities</b>                            |                  |                  |
| Provisions for off-balance sheet commitments                           |                  |                  |
| - to credit institutions   | 45               | 23               |
| - to customers   | 451              | 478              |
| Other items subject to provisions                                      | 480              | 490              |
| <b>Total provisions recognised as liabilities (<i>note 5.q</i>)</b>    | <b>976</b>       | <b>991</b>       |
| <i>of which specific provisions</i>                                    | 807              | 858              |
| <i>of which collective provisions</i>                                  | 169              | 133              |
| <b>Total impairment provisions</b>                                     | <b>28,417</b>    | <b>30,675</b>    |

**2.g CORPORATE INCOME TAX**

| Reconciliation of the effective tax expense to the theoretical tax expense at standard tax rate in France <sup>(1)</sup> | Year to 31 Dec. 2012 |              | Year to 31 Dec. 2011 |              |
|--|----------------------|--------------|----------------------|--------------|
|  | in millions of euros | Tax rate     | in millions of euros | Tax rate     |
| <b>Corporate income tax expense on pre-tax income at standard tax rate in France <sup>(2)</sup></b>                      | <b>(3,745)</b>       | <b>36.1%</b> | <b>(3,493)</b>       | <b>36.1%</b> |
| Differential effect in tax rates applicable to foreign entities  | 216                  | -2.1%        | 187                  | -1.9%        |
| Effect of dividends and securities disposals taxed at reduced rate   | 337                  | -3.3%        | 169                  | -1.7%        |
| Tax effect on previously unrecognized deferred taxes (tax losses and temporary differences)                              | 163                  | -1.6%        | 244                  | -2.5%        |
| Tax effect of using tax losses for which no deferred tax asset was previously recognised                                 | 9                    | -0.1%        | 29                   | -0.3%        |
| Other items  | (39)                 | 0.5%         | 107                  | -1.2%        |
| <b>Corporate income tax expense</b>  | <b>(3,059)</b>       | <b>29.5%</b> | <b>(2,757)</b>       | <b>28.5%</b> |
| <i>of which</i>  |                      |              |                      |              |
| Current tax expense for the year to 31 December  | (2,696)              |              | (2,070)              |              |
| Deferred tax expense for the year to 31 December ( <i>note 5.k</i> )   | (363)                |              | (687)                |              |

<sup>(1)</sup> including the 3.3% social security contribution tax and the exceptional 5% contribution calculated on French corporate tax at 33.33%, lifting it to 36.1%.

<sup>(2)</sup> Restated for the share of income from companies accounted for under the equity method and goodwill amortisation.



### 3. SEGMENT INFORMATION

The Group is composed of three core businesses:

- Retail Banking (RB), which covers Domestic Markets, Personal Finance, and International Retail Banking. Domestic Markets include retail banking networks in France (FRB), Italy (BNL banca commerciale), Belgium (BRB), and Luxembourg (LRB), as well as certain specialised retail banking divisions (Personal Investors, Leasing Solutions and Arval). International Retail Banking is composed of all BNP Paribas Group retail banking businesses out of the Eurozone, split between Europe Mediterranean and BancWest in the United States;
- Investment Solutions (IS), which includes Wealth Management; Investment Partners – covering all of the Group's Asset Management businesses; Securities Services to management companies, financial institutions and other corporations; Insurance and Real Estate Services;
- Corporate and Investment Banking (CIB), which includes Advisory & Capital Markets (Equities and Equity Derivatives, Fixed Income & Forex, Corporate Finance) and Corporate Banking (Specialised and Structured Financing, Corporate Deposit Line) businesses.

Other activities mainly include Principal Investments, Klépierre<sup>4</sup> property investment company, and the Group's corporate functions.

They also include non-recurring items resulting from applying the rules on business combinations. In order to provide consistent and relevant economic information for each core business, the impact of amortising fair value adjustments recognised in the net equity of entities acquired and restructuring costs incurred in respect to the integration of entities have been allocated to the "Other Activities" segment.

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

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

So as to be comparable with 2012, the segment information for 2011 has been restated of the following three main effects as if these had occurred from 1st January 2011:

- In the context of the change in the organisational structure of the Group, a set of Domestic Markets was created. It includes Personal Investors, which is thus no longer included in the Investment Solutions core business.
- The capital allocated to each business is now based on 9 % of risk-weighted assets, compared to 7% previously.
- The contribution to the deposits guarantee fund in Belgium had initially been booked in « Other Activities », while waiting for a definition of the Belgian bank levy which was still pending. This new definition is applicable in 2012 and replaces the contribution to the deposits guarantee fund. So as to be comparable, this tax is re-attributed to BRB (EUR -107 million in 2011).

The corresponding differences were accounted for under "Other Activities" so as not to affect the Group's pre-tax income.

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<sup>(4)</sup> The Klepierre group was fully consolidated until 14 March 2012, then, following the partial disposal of the Group's interest, Klepierre has been consolidated under the equity method (see note 8.d).



- Information by business segment**

- **Income by business segment**

| In millions of euros                    | Year to 31 Dec. 2012 |                   |              |                  |                     |                | Year to 31 Dec. 2011 |                   |              |                  |                     |                |
|---|----------------------|-------------------|--------------|------------------|---------------------|----------------|----------------------|-------------------|--------------|------------------|---------------------|----------------|
|   | Revenues             | Operating expense | Cost of risk | Operating income | Non-operating items | Pre-tax income | Revenues             | Operating expense | Cost of risk | Operating income | Non-operating items | Pre-tax income |
| <b>Retail Banking</b>                   |                      |                   |              |                  |                     |                |                      |                   |              |                  |                     |                |
| <b>Domestic Markets</b>                 |                      |                   |              |                  |                     |                |                      |                   |              |                  |                     |                |
| French Retail Banking <sup>(1)</sup>    | 6,797                | (4,384)           | (315)        | 2,098            | 3                   | 2,101          | 6,786                | (4,462)           | (315)        | 2,009            | 2                   | 2,011          |
| BNL banca commerciale <sup>(1)</sup>    | 3,230                | (1,779)           | (961)        | 490              | 1                   | 491            | 3,163                | (1,806)           | (793)        | 564              | -                   | 564            |
| Belgian Retail Banking <sup>(1)</sup>   | 3,183                | (2,333)           | (157)        | 693              | 18                  | 711            | 3,092                | (2,321)           | (136)        | 635              | 12                  | 647            |
| Other Domestic Markets activities       | 2,181                | (1,263)           | (140)        | 778              | 16                  | 794            | 2,309                | (1,351)           | (158)        | 800              | 17                  | 817            |
| <b>Personal Finance</b>                 | 4,982                | (2,387)           | (1,497)      | 1,098            | 182                 | 1,280          | 5,142                | (2,420)           | (1,639)      | 1,083            | 160                 | 1,243          |
| <b>International Retail Banking</b>     |                      |                   |              |                  |                     |                |                      |                   |              |                  |                     |                |
| Europe-Mediterranean                    | 1,796                | (1,319)           | (290)        | 187              | 67                  | 254            | 1,639                | (1,277)           | (268)        | 94               | 70                  | 164            |
| BancWest                                | 2,403                | (1,401)           | (145)        | 857              | 2                   | 859            | 2,230                | (1,241)           | (256)        | 733              | 1                   | 734            |
| <b>Investment Solutions</b>             | 6,204                | (4,319)           | 54           | 1,939            | 159                 | 2,098          | 5,922                | (4,258)           | (64)         | 1,600            | (76)                | 1,524          |
| <b>Corporate and Investment Banking</b> |                      |                   |              |                  |                     |                |                      |                   |              |                  |                     |                |
| Advisory & Capital Markets              | 6,182                | (4,574)           | (61)         | 1,547            | 6                   | 1,553          | 5,665                | (4,377)           | 21           | 1,309            | 30                  | 1,339          |
| Corporate Banking                       | 3,533                | (1,698)           | (432)        | 1,403            | 30                  | 1,433          | 4,232                | (1,749)           | (96)         | 2,387            | 50                  | 2,437          |
| <b>Other Activities</b>                 | (1,419)              | (1,093)           | 3            | (2,509)          | 1,307               | (1,202)        | 2,204                | (854)             | (3,093)      | (1,743)          | (86)                | (1,829)        |
| <b>Total Group</b>                      | 39,072               | (26,550)          | (3,941)      | 8,581            | 1,791               | 10,372         | 42,384               | (26,116)          | (6,797)      | 9,471            | 180                 | 9,651          |

<sup>(1)</sup> French Retail Banking, BNL banca commerciale, Belgian and Luxembourg Retail Banking after the reallocation within Investment Solutions of one-third of the Wealth Management activities in France, Italy, Belgium and Luxembourg.

- **Assets and liabilities by business segment**

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

| In millions of euros                    | 31 December 2012 |             | 31 December 2011 |             |
|---|------------------|-------------|------------------|-------------|
|   | Assets           | Liabilities | Assets           | Liabilities |
| <b>Retail Banking</b>                   |                  |             |                  |             |
| <b>Domestic Markets</b>                 | 393,342          | 369,716     | 385,868          | 362,389     |
| French Retail Banking                   | 151,926          | 144,370     | 154,537          | 146,759     |
| BNL banca commerciale                   | 88,471           | 80,555      | 86,662           | 78,587      |
| Belgian Retail Banking                  | 103,207          | 99,411      | 95,879           | 92,384      |
| Other Domestic Markets activities       | 49,738           | 45,380      | 48,790           | 44,659      |
| <b>Personal Finance</b>                 | 85,721           | 78,732      | 91,561           | 84,440      |
| <b>International Retail Banking</b>     | 93,575           | 81,760      | 92,097           | 80,867      |
| Europe-Mediterranean                    | 33,488           | 29,619      | 32,276           | 28,702      |
| BancWest                                | 60,087           | 52,141      | 59,821           | 52,165      |
| <b>Investment Solutions</b>             | 202,119          | 192,146     | 212,807          | 200,636     |
| <b>Corporate and Investment Banking</b> | 1,029,675        | 1,013,742   | 1,050,883        | 1,035,511   |
| <b>Other Activities</b>                 | 102,858          | 171,194     | 132,067          | 201,440     |
| <b>Total Group</b>                      | 1,907,290        | 1,907,290   | 1,965,283        | 1,965,283   |

Information by business segment relating to companies accounted for under the equity method and goodwill amortisation in the period is presented respectively in note 5.m Investments in Associates and note 5.o Goodwill.



- **Information by geographic area**

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

- Revenues by geographic area

| In millions of euros     | Year to 31 Dec. 2012 | Year to 31 Dec. 2011 |
|--------------------------|----------------------|----------------------|
| Domestic Markets         | 22,998               | 26,810               |
| <i>France</i>            | 12,593               | 16,773               |
| <i>Belgium</i>           | 4,586                | 4,702                |
| <i>Italy</i>             | 4,687                | 3,857                |
| <i>Luxembourg</i>        | 1,132                | 1,478                |
| Other European countries | 7,305                | 7,130                |
| Africa and Mediterranean | 1,659                | 1,469                |
| Americas                 | 5,043                | 4,977                |
| Asia and Pacific         | 2,067                | 1,998                |
| <b>Total</b>             | <b>39,072</b>        | <b>42,384</b>        |

- Assets and liabilities, in contribution to the consolidated accounts, by geographic area

| In millions of euros     | 31 December 2012 | 31 December 2011 |
|--------------------------|------------------|------------------|
| Domestic Markets         | 1,364,031        | 1,397,581        |
| <i>France</i>            | 1,000,682        | 972,274          |
| <i>Belgium</i>           | 190,673          | 252,086          |
| <i>Italy</i>             | 134,926          | 136,392          |
| <i>Luxembourg</i>        | 37,750           | 36,829           |
| Other European countries | 217,397          | 244,747          |
| Africa and Mediterranean | 31,758           | 31,573           |
| Americas                 | 201,805          | 201,184          |
| Asia and Pacific         | 92,299           | 90,198           |
| <b>Total</b>             | <b>1,907,290</b> | <b>1,965,283</b> |



## 4. EXPOSURE TO SOVEREIGN RISK

As part of its liquidity management, the Group seeks to maximise the refinancing available so that it can meet unexpected liquidity needs. In particular, this strategy is predicated on holding securities eligible as collateral for refinancing from central banks and includes a substantial proportion of highly rated debt securities issued by governments representing a low level of risk. As part of its Asset and Liability Management (ALM) and structural interest-rate risk management policy, the Group also holds a portfolio of assets that includes sovereign debt instruments, with interest-rate characteristics that contribute to its hedging strategies. In addition, the Group is a market maker in sovereign debt securities in a number of countries, which leads it to take temporary long and short trading positions, some of which are hedged by derivatives.

These portfolios are presented in the chapter 5 of the Annual Report.

- **Accounting treatment of debt securities issued by Greece, Ireland and Portugal**

Three European countries, namely Greece, Ireland and Portugal, have experienced a marked deterioration in their public finances against the backdrop of the economic and financial crisis, which progressively prompted the markets to shun public-sector debt securities issued by these countries, leaving them unable to raise the funding they need to run their public deficits.

The European solidarity policy defined in such circumstances by the euro zone member countries prompted them, in conjunction with the International Monetary Fund (IMF), to put in place support arrangements, leading to the formulation and implementation of several plans for Greece, then for Ireland and Portugal.

1. *Reclassification of securities at 30 June 2011*

The lack of liquidity seen during the first half of 2011 in the markets for the public debt instruments issued by Greece, Ireland and Portugal, plus in Greece's case, the commitment given by French banks at the request of the authorities not to sell their position, prompted BNP Paribas to consider that these securities could no longer be classified as available-for-sale assets.

As permitted in paragraph 50E of IAS 39 in such exceptional circumstances, and given the period that the bank believes to be necessary for these three countries to restore the state of their finances, BNP Paribas group reclassified – with effect from 30 June 2011 – public debt securities from these three countries from the “Available-for-sale financial assets” category to “Loans and receivables”.

Greek sovereign debt instruments due to mature prior to 31 December 2020 were covered by provisions under the second support plan for Greece, which was initiated in June 2011 and finalised on 21 July 2011, reflecting the banks' commitment to provide support. This plan has several options, including a voluntary exchange at par for 30-year debt securities with their principal collateralised by AAA-rated zero coupon bonds, with terms leading to recognition of an initial discount of 21%. BNP Paribas intended to take up this exchange option in connection with the collective undertaking given by the French financial sector. Accordingly, the debt securities held on the Group's balance sheet and due to be exchanged were measured by recognising the 21% discount. Treated as a concession by the lender owing to the difficulties encountered by the borrower, this discount led to an impairment loss being recognised through profit or loss in the first half of 2011.

In regards to Greek sovereign debt securities not exchanged, as well as Irish and Portuguese sovereign debt instruments, after due consideration of the various aspects of the European support plan, some investors took the view that there was no objective evidence that the recovery of the future cash flows associated with these securities was compromised, especially since the European Council had stressed the unique and non-replicable nature of the private sector's participation in such an operation. Accordingly, the bank took the view that there were no grounds to recognise impairment in these securities.



## 2. Measurement of Greek securities at 31 December 2011

In the second half of 2011, it was recognised that Greece was having trouble meeting the economic targets on which the 21 July plan was based, particularly in regards to sustainability of its debts. This led to a new agreement in principle, dated 26 October, based on private-sector creditors waiving 50% of amounts owed to them. Since the arrangements for implementing this agreement had not been definitively settled at 31 December 2011 by all of the international institutions concerned, the bank determined the impairment loss on all the securities it held on the basis of the most recent proposal put forward by private-sector creditors represented by the Institute of International Finance (IIF).

On the basis of (1) a 50% haircut, (2) the immediate repayment of 15% of amounts owed through securities of the European Financial Stability Facility (EFSF) with a maturity of two years and paying market interest rates, (3) the payment of accrued interest through EFSF securities with a maturity of six months and paying market interest rates, (4) a coupon of 3% until 2020 and 3.75% subsequently on securities maturing between 2023 and 2042 received in exchange for existing securities and (5) a discount rate of 12% on future cash flows, the bank estimated the likely loss on existing securities as 75%, which is almost identical to that priced in by the market through the average discount on these securities at 31 December 2011.

## 3. Accounting treatment at 30 June 2012, following the exchange offer of Greek securities

On 21 February 2012, the agreement was refined and supplemented between the representatives of the Greek government, private-sector investors (PSI) and the Eurogroup. This agreement is designed to enable Greece to achieve a debt ratio of 120.5% in 2020 as opposed to 160% in 2011, and to achieve the financial stability sought through the plan. The offer involves private-sector investors waiving 53.5% of the nominal value of their Greek bonds, reducing Greece's debt by around EUR 107 billion, in return for a public-sector contribution of EUR 30 billion.

On 12 March 2012, the exchange of Greek sovereign debt securities was realised, with the following main characteristics:

- 53.5% of the principal of previous securities was waived,
- 31.5% of the principal of previous securities were exchanged for 20 bonds issued by Greece with maturities of between 11 and 30 years. The coupon on new bonds will be 2% from 2012 to 2015, rising to 3% from 2015 to 2020, 3.6% in 2021 and 4.3% until 2042. These securities are accounted for as "Available-for-sale assets".
- 15% of the principal of previous securities has been redeemed immediately in the form of short-term securities issued by the European Financial Stability Facility (EFSF), repayment of which is guaranteed by the EUR 30 billion public-sector contribution. These securities are accounted for as "Available-for-sale assets".

In addition to the exchange,

- Accrued interest on the exchanged Greek debt at 24 February 2012 was settled through the issue of short-term EFSF securities, accounted for as "Loans and receivables".
- Each new bond issued by Greece will be accompanied by a security linked to movements in Greece's gross domestic product over and above those expected in the plan. This instrument is accounted for as a derivative.

The securities exchange has been accounted for as the extinguishment of the previously held assets and the recognition of the securities received at their fair value.

The fair value of the instruments received in exchange for the previous securities was valued at 12 March 2012 at 23.3% of the nominal value of the previous securities. The difference with the net value of the previous securities, as well as the adjustment of accrued interest on the previous securities, led



to the recognition of a EUR 55 million loss on the banking book securities, accounted for in the Cost of risk. The loss recognised in the Cost of risk at the time of the exchange of the securities held by insurance companies amounts to EUR 19 million, and led to a EUR 12 million insurance policyholders' surplus reserve being reversed.

#### 4. Sale of Greek securities in December 2012 under Greece's bond buyback programme

On 27 November 2012, representatives of the Eurogroup and the International Monetary Fund (IMF) asked the Greek government to implement a buyback programme for part of its sovereign debt held by private investors, in a bid to reduce its debt burden to 124% of Gross Domestic Product (GDP) in 2020.

The offer was open from 3 to 11 December 2012 and enabled private investors to participate in the buyback programme, the average price of which amounted to 33.5% of the par value. BNP Paribas sold all the bonds it held at the time of the offer, generating a gain of EUR 25 million.

### • BNP Paribas Group's exposure to Greek, Irish and Portuguese sovereign credit risk

#### a) Portfolio of banking activities

| In millions of euros  | 31 December 2011 | Exchange<br>12/03/12 | Disposals and<br>repayments | 31 December 2012 |
|---|------------------|----------------------|-----------------------------|------------------|
| <b>Greece</b>   |                  |                      |                             |                  |
| Available-for-sale assets reclassified as loans and receivables |                  |                      |                             |                  |
| <b>Risk exposure and carrying value after impairment</b>        | <b>972</b>       | <b>(972)</b>         | <b>-</b>                    | <b>-</b>         |
| Available-for-sale assets                                       |                  |                      |                             |                  |
| Risk exposure   |                  | 316                  | (316)                       | -                |
| <b>Carrying value</b>   | <b>-</b>         | <b>316</b>           | <b>(316)</b>                | <b>-</b>         |

| In millions of euros  | 31 December 2011 | Amortisation of<br>the purchase<br>price | Disposals and<br>repayments | Change in value<br>recognised directly<br>in equity <sup>(1)</sup> | Change in value of<br>interest-rate risk<br>hedged securities | 31 December 2012 |
|---|------------------|--|-----------------------------|--|---|------------------|
| <b>Ireland</b>  |                  |  |                             |  |   |                  |
| Available-for-sale assets reclassified as loans and receivables |                  |  |                             |  |   |                  |
| Risk exposure   | 270              | 1  | (68)                        | -  | -   | 203              |
| Discount amortised at effective interest rate <sup>(1)</sup>    | (54)             | -  | -                           | 23   | -   | (31)             |
| <b>Carrying value</b>   | <b>216</b>       | <b>1</b>                                 | <b>(68)</b>                 | <b>23</b>  | <b>-</b>  | <b>172</b>       |
| <b>Portugal</b>   |                  |  |                             |  |   |                  |
| Available-for-sale assets reclassified as loans and receivables |                  |  |                             |  |   |                  |
| Risk exposure   | 1,381            | (1)                                      | (737)                       | -  | -   | 643              |
| Discount amortised at effective interest rate <sup>(1)</sup>    | (263)            | -  | -                           | 138  | -   | (125)            |
| Change in value of interest-rate risk hedged securities         | 41               | -  | -                           | -  | 7   | 48               |
| <b>Carrying value</b>   | <b>1,159</b>     | <b>(1)</b>                               | <b>(737)</b>                | <b>138</b>   | <b>7</b>  | <b>566</b>       |

<sup>(1)</sup> The discount amortised at effective interest rate is composed of the changes in fair value which were recognised directly in shareholders' equity when the securities were classified as available-for-sale financial assets. Amortisation of the discount is recognised directly in shareholders' equity, without impact on the profit and loss account.





Carrying value broken down by maturity

| In millions of euros  | Remaining time to maturity |         |         |         |          |          |           | Total<br>31 December 2012 |
|---|----------------------------|---------|---------|---------|----------|----------|-----------|---------------------------|
|   | 1 year                     | 2 years | 3 years | 5 years | 10 years | 15 years | >15 years |                           |
| <b>Ireland</b>  |                            |         |         |         |          |          |           |                           |
| Available-for-sale assets reclassified as loans and receivables |                            | 3       |         | 16      | 153      |          |           | 172                       |
| <b>Portugal</b>   |                            |         |         |         |          |          |           |                           |
| Available-for-sale assets reclassified as loans and receivables | 2                          | 138     | 64      | 148     | 110      |          | 104       | 566                       |

b) Portfolio of general insurance funds

| In millions of euros  | 31 December 2011 | Exchange<br>12/03/12 | Disposals and<br>repayments | 31 December 2012 |
|---|------------------|----------------------|-----------------------------|------------------|
| <b>Greece</b>   |                  |                      |                             |                  |
| Available-for-sale assets reclassified as loans and receivables and held-to-maturity financial assets |                  |                      |                             |                  |
| <b>Risk exposure and carrying value after impairment</b>  | <b>288</b>       | <b>(288)</b>         | <b>-</b>                    | <b>-</b>         |
| Available-for-sale assets   |                  |                      |                             |                  |
| Risk exposure   |                  | 96                   | (96)                        | -                |
| <b>Carrying value</b>   | <b>-</b>         | <b>96</b>            | <b>(96)</b>                 | <b>-</b>         |

| In millions of euros  | 31 December 2011 | Amortisation of<br>the purchase<br>price | Disposals and<br>repayments | Change in value<br>recognised directly<br>in equity <sup>(1)</sup> | 31 December 2012 |
|---|------------------|--|-----------------------------|--|------------------|
| <b>Ireland</b>  |                  |  |                             |  |                  |
| Loans and receivables and available-for-sale assets reclassified as loans and receivables |                  |  |                             |  |                  |
| Risk exposure   | 761              | (2)                                      | (633)                       | -  | 126              |
| Discount amortised at effective interest rate <sup>(1)</sup>                              | (179)            | -  | -                           | 156  | (23)             |
| <b>Carrying value</b>   | <b>582</b>       | <b>(2)</b>                               | <b>(633)</b>                | <b>156</b>   | <b>103</b>       |
| Held-to-maturity financial assets   |                  |  |                             |  |                  |
| <b>Risk exposure and carrying value</b>   | <b>325</b>       | <b>-</b>                                 | <b>-</b>                    | <b>-</b>   | <b>325</b>       |
| <b>Portugal</b>   |                  |  |                             |  |                  |
| Loans and receivables and available-for-sale assets reclassified as loans and receivables |                  |  |                             |  |                  |
| Risk exposure   | 1,072            | (4)                                      | (451)                       | -  | 617              |
| Discount amortised at effective interest rate <sup>(1)</sup>                              | (276)            | -  | -                           | 109  | (167)            |
| <b>Carrying value</b>   | <b>796</b>       | <b>(4)</b>                               | <b>(451)</b>                | <b>109</b>   | <b>450</b>       |
| Held-to-maturity financial assets   |                  |  |                             |  |                  |
| <b>Risk exposure and carrying value</b>   | <b>159</b>       | <b>-</b>                                 | <b>-</b>                    | <b>-</b>   | <b>159</b>       |

<sup>(1)</sup> The discount amortised at effective interest rate is composed of the changes in fair value which were recognised directly in shareholders' equity when the securities were classified as available-for-sale financial assets. Amortisation of the discount is recognised directly in shareholders' equity, without impact on the profit and loss account.

In shareholders' equity, the discount at 31 December 2012 of Irish and Portuguese securities held by general insurance funds, respectively of EUR 23 million and EUR 167 million before tax, is compensated by a decrease in the insurance policyholders' surplus reserve of respectively EUR 21 million and EUR 149 million before tax.



The carrying value of Irish and Portuguese bonds represents less than 2% of the carrying value of all the fixed income securities held by insurance entities.

#### Carrying value broken down by maturity

| In millions of euros  | Remaining time to maturity |         |         |         |          |          |           | Total<br>31 December 2012 |
|---|----------------------------|---------|---------|---------|----------|----------|-----------|---------------------------|
|   | 1 year                     | 2 years | 3 years | 5 years | 10 years | 15 years | >15 years |                           |
| <b>Ireland</b>  |                            |         |         |         |          |          |           |                           |
| Loans and receivables and available-for-sale financial assets reclassified as loans and receivables |                            |         |         |         | 50       | 53       |           | 103                       |
| Held-to-maturity financial assets   | 9                          |         |         | 181     | 135      |          |           | 325                       |
| <b>Portugal</b>   |                            |         |         |         |          |          |           |                           |
| Loans and receivables and available-for-sale financial assets reclassified as loans and receivables |                            |         |         |         | 32       | 322      | 96        | 450                       |
| Held-to-maturity financial assets   |                            | 60      | 10      |         | 89       |          |           | 159                       |

- **Disposals of held-to-maturity securities in 2011**

In 2011, BNP Paribas sold EUR 2.8 billion of sovereign debt securities, issued by Italy, which had until then been classified under “Held-to-maturity assets”. The amount of securities sold equalled around 21% of securities under this heading at 31 December 2010 (see note 5.j).

The sale of Italian securities was prompted by the deterioration in Italy’s economic situation, as reflected by the downgrading of Italy’s credit ratings by various rating agencies in September and October 2011 and by the fall in the market value of these securities (see IAS 39 – AG22a).

In addition, increased solvency requirements under the European Capital Requirements Directive (CRD 3) at 31 December 2011 and the move to anticipate the new Basel III solvency ratio – with initial drafts of CRD 4 and a European Capital Requirements Regulation being published in July 2011 – prompted the bank to carry out a substantial reduction in assets, particularly by selling material amounts of assets classified under “Loans and receivables” and “Held-to-maturity financial assets” (see IAS 39 – AG22e).

Rating downgrades suffered by certain issuers threatened to increase the amount of risk-weighted assets corresponding to the loans concerned. As a result, the bank had to reduce its exposure to positions most affected by this change, regardless of their accounting classification.

As a result, the Group applied the requirements of paragraphs AG 22a) and e) of IAS 39, to demonstrate that these disposals do not alter its intention to hold other assets in this category to maturity, or its ability to finance them. Other assets were therefore kept within this category.



## 5. NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2012

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

Financial assets and financial liabilities at fair value through profit or loss consist of held-for-trading transactions, 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.

| In millions of euros  | 31 December 2012 |   | 31 December 2011 |   |
|---|------------------|---|------------------|---|
|   | Trading book     | Instruments designated at fair value through profit or loss | Trading book     | Instruments designated at fair value through profit or loss |
| <b>Securities portfolio</b>                                       | 143,465          | 62,701  | 157,624          | 57,024  |
| Treasury bills and government bonds                               | 69,140           | 340   | 96,196           | 484   |
| Other fixed-income securities                                     | 25,544           | 6,409   | 35,973           | 5,611   |
| Equities and other variable-income securities                     | 48,781           | 55,952  | 25,455           | 50,929  |
| <b>Loans and repurchase agreements</b>                            | 146,899          | 99  | 153,799          | 49  |
| Loans   | 1,150            | 99  | 537              | 49  |
| Repurchase agreements   | 145,749          | -   | 153,262          | -   |
| <b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>      | <b>290,364</b>   | <b>62,800</b>   | <b>311,423</b>   | <b>57,073</b>   |
| <b>Short selling of borrowed securities</b>                       | 52,432           | -   | 100,013          | -   |
| <b>Borrowings and repurchase agreements</b>                       | 203,063          | 1,242   | 173,271          | 1,664   |
| Borrowings  | 4,017            | 1,242   | 1,895            | 1,664   |
| Repurchase agreements   | 199,046          | -   | 171,376          | -   |
| Debt securities (note 5.i)  | -                | 40,799  | -                | 37,987  |
| Subordinated debt (note 5.i)                                      | -                | 1,489   | -                | 2,393   |
| <b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b> | <b>255,495</b>   | <b>43,530</b>   | <b>273,284</b>   | <b>42,044</b>   |

#### FINANCIAL INSTRUMENTS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

- Financial assets designated as at fair value through profit or loss

Assets designated by the Group as at fair value through profit or loss include admissible investments related to unit-linked insurance policies, and to a lesser extent assets with embedded derivatives that have not been separated from the host contract.

Admissible investments related to unit-linked insurance policies include securities issued by the Group's consolidated entities, which are not eliminated upon consolidation in order to keep the figures shown in respect of the assets invested under these contracts at the same level as the technical reserves set aside in respect of the corresponding policyholder liabilities. The fixed-income securities (certificates and Euro Medium Term Notes) not eliminated upon consolidation amounted to EUR 741 million at 31 December 2012 compared with EUR 940 million at 31 December 2011, and variable-income securities (shares mainly issued by BNP Paribas SA) came to EUR 28 million at 31 December 2012 compared with EUR 14.5 million at 31 December 2011. Eliminating these securities would not have a material impact on the financial statements for the period.



- Financial liabilities designated as at fair value through profit or loss

Financial liabilities designated at fair value through profit or loss mainly consist of issues originated and structured on behalf of customers, where the risk exposure is managed in combination with the hedging strategy. These types of issues contain significant embedded derivatives, whose changes in value are cancelled out by changes in the value of derivatives which economically cover them.

The redemption value of financial liabilities designated at fair value through profit or loss at 31 December 2012 was EUR 44,956 million (EUR 49,748 million at 31 December 2011).

Fair value takes into account any change in value attributable to issuer risk relating to the BNP Paribas Group. For most amounts concerned, fair value is the replacement value of each instrument, which is calculated by discounting the instrument's cash flows using a discount rate corresponding to that of a similar debt instrument that might be issued by the BNP Paribas group at the closing date.

As a result, the carrying value of liabilities measured at market or model value is reduced by EUR 30 million compared with EUR 1,647 million at 31 December 2011 i.e a EUR -1,617 million variation recognised in net gain/loss on financial instruments at fair value through profit or loss (note 2.c). This reduction in value represents an unrealised gain that will only be realised if these financial instruments issued by the Bank are bought back in the market. If this does not happen, income relating to this unrealised gain will be written back over the remaining term of the liabilities at a pace determined by movements in the bank's issuer risk.

## DERIVATIVE FINANCIAL INSTRUMENTS

The majority of derivative financial instruments held for trading are related to transactions initiated for trading purposes. They may result from market-making or arbitrage activities. BNP Paribas actively trades in derivatives. Transactions include trades in "ordinary" instruments such as credit default swaps, and structured transactions with complex risk profiles tailored to meet the needs of its customers. The net position is in all cases subject to limits.

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

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

| In millions of euros                    | 31 December 2012      |                       | 31 December 2011      |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | Positive market value | Negative market value | Positive market value | Negative market value |
| Currency derivatives                    | 21,532                | 24,697                | 28,097                | 26,890                |
| Interest rate derivatives               | 333,066               | 324,079               | 332,945               | 330,421               |
| Equity derivatives                      | 29,682                | 29,467                | 38,140                | 36,377                |
| Credit derivatives                      | 22,782                | 22,523                | 46,460                | 46,358                |
| Other derivatives                       | 3,573                 | 3,832                 | 6,325                 | 7,421                 |
| <b>Derivative financial instruments</b> | <b>410,635</b>        | <b>404,598</b>        | <b>451,967</b>        | <b>447,467</b>        |



The table below shows the total notional amount of trading derivatives. The notional amounts of derivative instruments are merely an indication of the volume of the Group's activities in financial instruments markets, and do not reflect the market risks associated with such instruments.

| In millions of euros                    | 31 December 2012  | 31 December 2011  |
|---|-------------------|-------------------|
| Currency derivatives                    | 2,243,150         | 2,249,390         |
| Interest rate derivatives               | 41,127,475        | 40,272,463        |
| Equity derivatives                      | 1,865,666         | 1,818,445         |
| Credit derivatives                      | 2,105,501         | 2,321,275         |
| Other derivatives                       | 144,834           | 156,291           |
| <b>Derivative financial instruments</b> | <b>47,486,626</b> | <b>46,817,864</b> |

Derivatives traded on organised markets (including clearing houses) represent 62% of the Group's derivative transactions at 31 December 2012 (48% at 31 December 2011).

## 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 2012    |                     | 31 December 2011    |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | Positive fair value | Negative fair value | Positive fair value | Negative fair value |
| <b>Fair value hedges</b>                     | <b>10,571</b>       | <b>15,574</b>       | <b>6,920</b>        | <b>12,902</b>       |
| Currency derivatives                         | -                   | 24                  | 4                   | 8                   |
| Interest rate derivatives                    | 10,570              | 15,550              | 6,810               | 12,879              |
| Other derivatives                            | 1                   | -                   | 106                 | 15                  |
| <b>Cash flow hedges</b>                      | <b>3,674</b>        | <b>1,685</b>        | <b>2,743</b>        | <b>1,416</b>        |
| Currency derivatives                         | 271                 | 287                 | 312                 | 245                 |
| Interest rate derivatives                    | 3,389               | 1,298               | 2,408               | 825                 |
| Other derivatives                            | 14                  | 100                 | 23                  | 346                 |
| <b>Net foreign investment hedges</b>         | <b>22</b>           | <b>27</b>           | <b>37</b>           | <b>13</b>           |
| Currency derivatives                         | 22                  | 27                  | 37                  | 13                  |
| <b>Derivatives used for hedging purposes</b> | <b>14,267</b>       | <b>17,286</b>       | <b>9,700</b>        | <b>14,331</b>       |

The total notional amount of derivatives used for hedging purposes stood at EUR 809,636 million at 31 December 2012, compared with EUR 799,608 million at 31 December 2011.


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

Available-for-sale financial assets are measured at fair value or model value for unlisted securities.

| In millions of euros   | 31 December 2012 |                            |  | 31 December 2011 |                            |  |
|--|------------------|----------------------------|--|------------------|----------------------------|--|
|  | Net              | of which impairment losses | of which changes in value taken directly to equity | Net              | of which impairment losses | of which changes in value taken directly to equity |
| Fixed-income securities  | 175,413          | (69)                       | 6,414  | 174,989          | (162)                      | (5,120)  |
| Treasury bills and government bonds  | 93,801           | (4)                        | 1,886  | 96,194           | (2)                        | (4,240)  |
| Other fixed-income securities  | 81,612           | (65)                       | 4,528  | 78,795           | (160)                      | (880)  |
| Equities and other variable-income securities                                  | 17,093           | (4,265)                    | 2,868  | 17,479           | (5,067)                    | 1,621  |
| of which listed securities   | 5,861            | (1,821)                    | 1,357  | 6,092            | (2,052)                    | 619  |
| of which unlisted securities   | 11,232           | (2,444)                    | 1,511  | 11,387           | (3,015)                    | 1,002  |
| <b>Total available-for-sale financial assets, net of impairment provisions</b> | <b>192,506</b>   | <b>(4,334)</b>             | <b>9,282</b>                                       | <b>192,468</b>   | <b>(5,229)</b>             | <b>(3,499)</b>                                     |

The gross amount of impaired fixed-income securities is EUR 118 million at 31 December 2012 (EUR 234 million at 31 December 2011).

Changes in value taken directly to equity are determined as follows:

| In millions of euros  | 31 December 2012        |   |              | 31 December 2011        |   |                |
|---|-------------------------|---|--------------|-------------------------|---|----------------|
|   | Fixed-income securities | Equities and other variable-income securities | Total        | Fixed-income securities | Equities and other variable-income securities | Total          |
| Changes in value of non-hedged securities recognised in "available-for-sale financial assets"   | 6,414                   | 2,868   | 9,282        | (5,120)                 | 1,621   | (3,499)        |
| Deferred tax linked to these changes in value   | (2,162)                 | (556)   | (2,718)      | 1,959                   | (228)   | 1,731          |
| Insurance policyholders' surplus reserve from insurance entities, after deferred tax  | (3,854)                 | (558)   | (4,412)      | (307)                   | (21)  | (328)          |
| Group share of changes in value of available-for-sale securities owned by associates, after deferred tax and insurance policyholders' surplus reserve     | 504                     | 94  | 598          | 58                      | 96  | 154            |
| Unamortised changes in value of available-for-sale securities reclassified as loans and receivables   | (172)                   | -   | (172)        | (395)                   | -   | (395)          |
| Other variations  | (33)                    | 25  | (8)          | (38)                    | 23  | (15)           |
| <b>Changes in value of assets taken directly to equity under the heading "Financial assets available for sale and reclassified loans and receivables"</b> | <b>697</b>              | <b>1,873</b>                                  | <b>2,570</b> | <b>(3,843)</b>          | <b>1,491</b>                                  | <b>(2,352)</b> |
| Attributable to equity shareholders   | 340                     | 1,809   | 2,149        | (3,644)                 | 1,448   | (2,196)        |
| Attributable to minority interests  | 357                     | 64  | 421          | (199)                   | 43  | (156)          |



## 5.d MEASUREMENT OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- **Level 1** – Financial instruments with quoted market prices:

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

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

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

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

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

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

This level comprises financial instruments measured using valuation techniques based wholly or partially on non-observable inputs. A non-observable input is defined as a parameter, the value of which is derived from assumptions or correlations based neither on observable transaction prices in the identical instrument at the measurement date nor observable market data available at the same date.

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

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



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

| In millions of euros   | 31 December 2012 |         |         |         | 31 December 2011 |         |         |         |
|--|------------------|---------|---------|---------|------------------|---------|---------|---------|
|  | level 1          | level 2 | level 3 | TOTAL   | level 1          | level 2 | level 3 | TOTAL   |
| <b>Financial assets</b>  |                  |         |         |         |                  |         |         |         |
| Financial instruments at fair value through profit or loss held for trading (note 5.a) | 87,977           | 599,383 | 13,639  | 700,999 | 102,953          | 638,973 | 21,464  | 763,390 |
| of which financial assets at fair value through profit or loss                         | 84,454           | 199,428 | 6,482   | 290,364 | 100,821          | 202,100 | 8,502   | 311,423 |
| of which derivative financial instruments  | 3,523            | 399,955 | 7,157   | 410,635 | 2,132            | 436,873 | 12,962  | 451,967 |
| Financial instruments designated as at fair value through profit or loss (note 5.a)    | 47,783           | 10,968  | 4,049   | 62,800  | 41,982           | 13,496  | 1,595   | 57,073  |
| Derivatives used for hedging purposes (note 5.b)                                       | -                | 14,267  | -       | 14,267  | -                | 9,700   | -       | 9,700   |
| Available-for-sale financial assets (note 5.c.)  | 125,010          | 57,549  | 9,947   | 192,506 | 132,676          | 49,921  | 9,871   | 192,468 |
| <b>Financial liabilities</b>   |                  |         |         |         |                  |         |         |         |
| Financial instruments at fair value through profit or loss held for trading (note 5.a) | 31,531           | 611,274 | 17,288  | 660,093 | 79,822           | 614,641 | 26,288  | 720,751 |
| of which financial liabilities at fair value through profit or loss                    | 29,530           | 217,108 | 8,857   | 255,495 | 77,414           | 183,355 | 12,516  | 273,285 |
| of which derivative financial instruments  | 2,001            | 394,166 | 8,431   | 404,598 | 2,408            | 431,286 | 13,772  | 447,466 |
| Financial instruments designated as at fair value through profit or loss (note 5.a)    | 3,203            | 31,773  | 8,554   | 43,530  | 3,168            | 31,260  | 7,616   | 42,044  |
| Derivatives used for hedging purposes (note 5.b)                                       | -                | 17,286  | -       | 17,286  | -                | 14,331  | -       | 14,331  |




**TABLE OF MOVEMENTS IN LEVEL 3 FINANCIAL INSTRUMENTS**

For Level 3 financial instruments, the following movements occurred between 1 January 2011 and 31 December 2012:

| In millions of euros  | Financial Assets  |  |                                     |         | Financial Liabilities   |  |          |
|---|---|--|-------------------------------------|---------|---|--|----------|
|   | Financial instruments at fair value through profit or loss held for trading | Financial instruments designated as at fair value through profit or loss | Available-for-sale financial assets | TOTAL   | Financial instruments at fair value through profit or loss held for trading | Financial instruments designated as at fair value through profit or loss | TOTAL    |
| at 31 December 2010   | 22,881  | 1,703  | 8,154                               | 32,738  | (25,408)  | (8,737)  | (34,145) |
| Purchases   | 2,652   | 33   | 1,328                               | 4,013   | -   | -  | -        |
| Issues  | -   | -  | -                                   | -       | (9,464)   | (3,127)  | (12,591) |
| Sales   | (274)   | -  | (1,427)                             | (1,701) | -   | -  | -        |
| Settlements <sup>(1)</sup>  | (5,327)   | (151)  | (961)                               | (6,439) | 8,923   | 3,150  | 12,073   |
| Transfers to level 3  | 3,157   | 23   | 9,005                               | 12,185  | (2,817)   | (338)  | (3,155)  |
| Transfers from level 3  | (2,598)   | -  | (267)                               | (2,865) | 2,778   | 1,455  | 4,233    |
| Reclassifications <sup>(2)</sup>  | -   | -  | (6,312)                             | (6,312) | -   | -  | -        |
| Gains (or losses) recognised in profit or loss with respect to transactions expired or terminated during the period | (3,568)   | 29   | (396)                               | (3,935) | 849   | 31   | 880      |
| Gains (or losses) recognised in profit or loss with respect to unexpired instruments at the end of the period       | 4,120   | (42)   | 95                                  | 4,173   | (687)   | (50)   | (737)    |
| Changes in fair value of assets and liabilities recognised directly in equity                                       |   |  |                                     |         |   |  |          |
| - Items related to exchange rate movements  | 421   | -  | 53                                  | 474     | (462)   | -  | (462)    |
| - Changes in fair value of assets and liabilities recognised in equity  | -   | -  | 599                                 | 599     | -   | -  | -        |
| at 31 December 2011   | 21,464  | 1,595  | 9,871                               | 32,930  | (26,288)  | (7,616)  | (33,904) |
| Purchases   | 1,783   | 1,326  | 1,222                               | 4,331   | -   | -  | -        |
| Issues  | -   | -  | -                                   | -       | (8,279)   | (3,565)  | (11,844) |
| Sales   | (1,952)   | (1,193)  | (1,725)                             | (4,870) | -   | -  | -        |
| Settlements <sup>(1)</sup>  | (2,546)   | (94)   | (177)                               | (2,817) | 12,649  | 1,811  | 14,460   |
| Transfers to level 3  | 1,098   | 2,959  | 940                                 | 4,997   | (122)   | (36)   | (158)    |
| Transfers from level 3  | (593)   | (588)  | (669)                               | (1,850) | 708   | 447  | 1,155    |
| Gains (or losses) recognised in profit or loss with respect to transactions expired or terminated during the period | (7,391)   | 44   | (75)                                | (7,422) | 5,694   | (28)   | 5,666    |
| Gains (or losses) recognised in profit or loss with respect to unexpired instruments at the end of the period       | 1,598   | -  | 41                                  | 1,639   | (1,257)   | 433  | (824)    |
| Changes in fair value of assets and liabilities recognised directly in equity                                       |   |  |                                     |         |   |  |          |
| - Items related to exchange rate movements  | 178   | -  | 5                                   | 183     | (393)   | -  | (393)    |
| - Changes in fair value of assets and liabilities recognised in equity  | -   | -  | 514                                 | 514     | -   | -  | -        |
| at 31 December 2012   | 13,639  | 4,049  | 9,947                               | 27,635  | (17,288)  | (8,554)  | (25,842) |

<sup>(1)</sup> For the assets, includes redemptions of principal, interest payments as well as cash inflows and outflows relating to derivatives of which the fair value is positive. For the liabilities, includes principal redemptions, interest payments as well as cash inflows and outflows relating to derivatives of which the fair value is negative.

<sup>(2)</sup> These are financial instruments initially recognised at fair value and reclassified as loans and receivables.

The Level 3 financial instruments may be hedged by other Level 1 and/or Level 2 instruments, the gains and losses on which are not shown in this table. Consequently, the gains and losses shown in this table are not representative of the gains and losses arising from management of the net risk on all these instruments. More particularly, losses and gains on financial assets and liabilities at model value through profit or loss held for trading purposes, amounting respectively to EUR 5,792 million and EUR 4,437 million at 31 December 2012 (compared with EUR 552 million and EUR 162 million at 31 December 2011), primarily correspond to changes in the value of CDO positions classified in Level 3 hedged by CDS positions classified in Level 2.



**SENSITIVITY OF MODEL VALUES TO REASONABLY LIKELY CHANGES IN LEVEL 3 ASSUMPTIONS**

- Determination of value adjustments

Trading portfolio instruments classified as level 3 comprise mainly illiquid securities, derivatives with an illiquid underlying asset and other instruments containing complex derivatives. The valuation of these instruments generally requires the use of valuation models based on dynamic risk hedging techniques, and may require the use of non-observable inputs.

All of these instruments are subject to uncertainties in their valuation, which give rise to value adjustments, reflecting the risk premium that would be incorporated by a market operator when setting the price. These valuation adjustments take account in particular of:

- risks that would not be taken into account by the model (adjustment for model risk);
- the inherent uncertainty in estimating valuation parameters (adjustment for uncertain parameters);
- liquidity risks associated with the instrument or parameter concerned;
- specific risk premiums intended to offset certain additional costs resulting from the dynamic management strategy associated with the model under certain market conditions;
- counterparty risk.

When determining value adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of different kinds is taken into account. Meanwhile, for a given risk factor, a portfolio-based approach is used, with offsetting between instruments when they are managed together.

All of these adjustments are components of the model value of instruments and portfolios.

- Assessment of value sensitivity

In order to measure the sensitivity of the model value of level 3 instruments (excluding securities positions) to a change in assumptions, the following two scenarios have been considered: a favourable scenario in which all portfolio valuations are made without a value adjustment, and an unfavourable scenario in which all of these valuations are made with twice as high a value adjustment. Calculated in this way, sensitivity is a measurement of the difference between the values obtained by market operators with a different perception of valuation risk and risk aversion.

In the interest of simplification, the sensitivity of the value of securities positions, whether relating to trading portfolios, available-for-sale assets or instruments designated at model value through profit or loss, is based on a 1% change in the value applied.

| In millions of euros  | 31 December 2012           |                            | 31 December 2011           |                            |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
|   | Potential impact on income | Potential impact on equity | Potential impact on income | Potential impact on equity |
| Financial instruments at fair value through profit or loss held for trading or designated as at fair value <sup>(1)</sup> | +/- 857                    | -                          | +/- 1,300                  |                            |
| Available-for-sale financial assets   | -                          | +/- 105                    |                            | +/- 104                    |

<sup>(1)</sup> Financial instruments at fair value through profit and loss are presented under the same heading, whether they are part of the trading portfolio or have been designated at fair value through profit or loss, as sensitivity is calculated on the net positions in instruments classified as Level 3 regardless of their accounting classification.


**DEFERRED MARGIN ON FINANCIAL INSTRUMENTS MEASURED USING TECHNIQUES DEVELOPED INTERNALLY AND BASED ON PARTLY NON-OBSERVABLE INPUTS IN ACTIVE MARKETS**

Deferred margin on financial instruments (“Day One Profit”) only concerns the scope of market activities eligible for Level 3.

The day one profit is calculated after setting aside reserves for uncertainties as described previously and taken back to profit or loss over the expected period for which the inputs will be non-observable. The unamortised amount is included under “Financial instruments held for trading purposes at fair value through profit or loss” as a reduction in the fair value of the relevant complex transactions.

| In millions of euros  | 31 December 2012 | 31 December 2011 |
|---|------------------|------------------|
| <b>Deferred margin at the beginning of the period</b>       | <b>655</b>       | <b>920</b>       |
| Deferred margin on transactions during the year             | 279              | 286              |
| Margin taken to the profit and loss account during the year | (331)            | (551)            |
| <b>Deferred margin at the end of the period</b>             | <b>603</b>       | <b>655</b>       |

### **5.e RECLASSIFICATION OF FINANCIAL INSTRUMENTS INITIALLY RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS HELD FOR TRADING PURPOSES OR AS AVAILABLE-FOR-SALE ASSETS**

The amendments to IAS 39 and IFRS 7 adopted by the European Union on 15 October 2008 permit the reclassification of instruments initially held for trading or available-for-sale within the customer loan portfolios or as securities available-for-sale.

- Data relating to financial instruments at reclassification date

| In millions of euros  | Reclassification date | Carrying value                               |   | Expected cash flows deemed recoverable <sup>(1)</sup> |   | Average effective interest rate              |   |
|---|-----------------------|--|---|---|---|--|---|
|   |                       | Assets reclassified as loans and receivables | Assets reclassified as available-for-sale | Assets reclassified as loans and receivables          | Assets reclassified as available-for-sale | Assets reclassified as loans and receivables | Assets reclassified as available-for-sale |
| <b>Sovereign securities from the available-for-sale portfolio</b> |                       | <b>6,312</b>                                 |   | <b>14,826</b>   |   |  |   |
| of which Greek sovereign securities                               | 30 June 2011          | 3,186  |   | 9,401   |   | 9.3%   |   |
| of which Portuguese sovereign securities                          | 30 June 2011          | 1,885  |   | 3,106   |   | 8.8%   |   |
| of which Irish sovereign securities                               | 30 June 2011          | 1,241  |   | 2,259   |   | 6.7%   |   |
| <b>Structured transactions and other fixed-income securities</b>  |                       | <b>10,995</b>                                | <b>767</b>                                | <b>12,728</b>   | <b>790</b>                                |  |   |
| from the trading portfolio  |                       |  |   |   |   |  |   |
|   | 1 October 2008        | 7,077  | 767                                       | 7,904   | 790                                       | 7.6%   | 6.7%                                      |
|   | 30 June 2009          | 2,760  |   | 3,345   |   | 8.4%   |   |
| from the available-for-sale portfolio                             |                       |  |   |   |   |  |   |
|   | 30 June 2009          | 1,158  |   | 1,479   |   | 8.4%   |   |

<sup>(1)</sup> Expected cash flows cover the repayment of capital and of all interest (not discounted) until the date the instruments mature.


**Measurement of reclassified assets at 31 December 2012**

The following tables show the items related to the reclassified assets:

## - On the balance sheet

| In millions of euros   | 31 December 2012 |                       | 31 December 2011 |                       |
|--|------------------|-----------------------|------------------|-----------------------|
|  | Carrying value   | Market or model value | Carrying value   | Market or model value |
| <b>Sovereign securities reclassified as loans and receivables due from customers</b> | 1,259            | 1,443                 | 3,939            | 3,600                 |
| of which Greek sovereign securities  | -                | -                     | 1,201            | 1,133                 |
| of which Portuguese sovereign securities   | 1,001            | 1,117                 | 1,939            | 1,631                 |
| of which Irish sovereign securities  | 258              | 326                   | 799              | 836                   |
| <b>Reclassified structured transactions and other fixed-income securities</b>        | 3,581            | 3,538                 | 4,664            | 4,511                 |
| Into loans and receivables due from customers  | 3,581            | 3,538                 | 4,647            | 4,494                 |
| Into available-for-sale financial assets   | -                | -                     | 17               | 17                    |

## - In profit and loss and as a direct change in equity

| In millions of euros   | Year to 31 Dec. 2012 |  | Year to 31 Dec. 2011    |                        |         |  |
|--|----------------------|--|-------------------------|------------------------|---------|--|
|  | Realised             | Pro forma amount for the period <sup>(1)</sup> | Realised                |                        |         | Pro forma amount for the period <sup>(1)</sup> |
|  |                      |  | before reclassification | after reclassification | Total   |  |
| <b>In profit or loss</b>   | (85)                 | (22)   | (409)                   | (2,415)                | (2,630) | (2,838)  |
| <b>in revenues</b>   | (16)                 | 16   | 116                     | 211                    | 509     | 361  |
| of which Greek sovereign securities  | 15                   | 15   | 87                      | 178                    | 265     | 265  |
| of which Portuguese sovereign securities   | (112)                | (112)  | 19                      | 56                     | 75      | 75   |
| of which Irish sovereign securities  | (15)                 | (15)   | 10                      | (23)                   | (13)    | (13)   |
| of which structured transactions and other fixed-income securities                                 | 96                   | 128  |                         |                        | 182     | 34   |
| <b>in cost of risk</b>   | (69)                 | (38)   | (525)                   | (2,626)                | (3,139) | (3,199)  |
| of which Greek sovereign securities  | (40)                 | (38)   | (525)                   | (2,626)                | (3,151) | (3,199)  |
| of which structured transactions and other fixed-income securities                                 | (29)                 | 0  |                         |                        | 12      | -  |
| <b>as direct change in equity (before tax)</b>   | 217                  | 420  | 504                     | 850                    | 1,379   | 1,180  |
| of which Greek sovereign securities  | -                    | -  | 681                     | 778                    | 1,459   | 1,459  |
| of which Portuguese sovereign securities   | 153                  | 336  | (176)                   | 32                     | (144)   | (336)  |
| of which Irish sovereign securities  | 48                   | 54   | (1)                     | 40                     | 39      | 48   |
| of which structured transactions and other fixed-income securities                                 | 16                   | 30   |                         |                        | 25      | 9  |
| <b>Total profit and loss impact and direct changes in equity resulting from reclassified items</b> | 132                  | 398  | 95                      | (1,565)                | (1,251) | (1,658)  |

<sup>(1)</sup> Pro forma figures show the contribution to full-year earnings, and the impact of the change in their value on equity, as if the instruments concerned had not been reclassified.

Securities issued by Portugal and Ireland, held by the Group and reclassified under “Loans and Receivables” have been measured at market value for the purposes of notes 5.e and 8.h. Securities issued by Portugal and Ireland and included in the trading portfolio have also been measured at market value, which is considered Level 2 as defined in note 5.d.

**5.f INTERBANK AND MONEY-MARKET ITEMS**

- **Loans and receivables due from credit institutions**

| In millions of euros  | 31 December 2012 | 31 December 2011 |
|---|------------------|------------------|
| On demand accounts  | 8,665            | 12,099           |
| Loans   | 28,250           | 35,130           |
| Repurchase agreements   | 4,028            | 2,847            |
| <b>Total loans and receivables due from credit institutions, before impairment provisions</b>     | <b>40,943</b>    | <b>50,076</b>    |
| <i>of which doubtful loans</i>  | 995              | 976              |
| <b>Provisions for impairment of loans and receivables due from credit institutions (note 2.f)</b> | <b>(537)</b>     | <b>(707)</b>     |
| specific provisions   | (508)            | (696)            |
| collective provisions   | (29)             | (11)             |
| <b>Total loans and receivables due from credit institutions, net of impairment provisions</b>     | <b>40,406</b>    | <b>49,369</b>    |

- **Due to credit institutions**

| In millions of euros                    | 31 December 2012 | 31 December 2011 |
|---|------------------|------------------|
| On demand accounts                      | 9,840            | 18,308           |
| Borrowings                              | 93,862           | 119,324          |
| Repurchase agreements                   | 8,033            | 11,522           |
| <b>Total due to credit institutions</b> | <b>111,735</b>   | <b>149,154</b>   |

**5.g CUSTOMER ITEMS**

- **Loans and receivables due from customers**

| In millions of euros  | 31 December 2012 | 31 December 2011 |
|---|------------------|------------------|
| On demand accounts  | 43,434           | 38,448           |
| Loans to customers  | 583,469          | 624,229          |
| Repurchase agreements   | 2,177            | 1,421            |
| Finance leases  | 27,965           | 29,694           |
| <b>Total loans and receivables due from customers, before impairment provisions</b> | <b>657,045</b>   | <b>693,792</b>   |
| <i>of which doubtful loans</i>  | 42,453           | 43,696           |
| <b>Impairment of loans and receivables due from customers (note 2.f)</b>            | <b>(26,525)</b>  | <b>(27,958)</b>  |
| specific provisions   | (22,213)         | (23,103)         |
| collective provisions   | (4,312)          | (4,855)          |
| <b>Total loans and receivables due from customers, net of impairment provisions</b> | <b>630,520</b>   | <b>665,834</b>   |



- **Breakdown of finance leases**

| In millions of euros                               | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| <b>Gross investment</b>                            | <b>31,576</b>    | <b>32,614</b>    |
| <i>Receivable within 1 year</i>                    | 8,635            | 8,856            |
| <i>Receivable after 1 year but within 5 years</i>  | 15,753           | 16,127           |
| <i>Receivable beyond 5 years</i>                   | 7,188            | 7,631            |
| <b>Unearned interest income</b>                    | <b>(3,611)</b>   | <b>(2,920)</b>   |
| <b>Net investment before impairment provisions</b> | <b>27,965</b>    | <b>29,694</b>    |
| <i>Receivable within 1 year</i>                    | 7,757            | 8,165            |
| <i>Receivable after 1 year but within 5 years</i>  | 13,935           | 14,636           |
| <i>Receivable beyond 5 years</i>                   | 6,273            | 6,893            |
| <b>Impairment provisions</b>                       | <b>(969)</b>     | <b>(1,062)</b>   |
| <b>Net investment after impairment provisions</b>  | <b>26,996</b>    | <b>28,632</b>    |

- **Due to customers**

| In millions of euros               | 31 December 2012 | 31 December 2011 |
|------------------------------------|------------------|------------------|
| On demand deposits                 | 259,770          | 254,530          |
| Term accounts and short-term notes | 212,059          | 214,056          |
| Regulated savings accounts         | 60,380           | 54,538           |
| Repurchase agreements              | 7,304            | 23,160           |
| <b>Total due to customers</b>      | <b>539,513</b>   | <b>546,284</b>   |



## 5.h PAST-DUE LOANS, WHETHER IMPAIRED OR NOT, AND RELATED COLLATERAL OR OTHER GUARANTEES

The following table presents the carrying amounts of financial assets that are past due but not impaired and impaired assets and related collateral or other guarantees. The amounts shown are stated before any provision on a portfolio basis.

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

| In millions of euros   | 31 December 2012                        |               |                              |                             |                  |   |                             |   |   |
|--|---|---------------|------------------------------|-----------------------------|------------------|---|-----------------------------|---|---|
|  | Maturities of unimpaired past-due loans |               |                              |                             |                  | Impaired assets and commitments covered by provisions | Total loans and commitments | Collateral received in respect of unimpaired past-due loans | Collateral received in respect of impaired assets |
|  | Total                                   | Up to 90 days | Between 90 days and 180 days | Between 180 days and 1 year | More than 1 year |   |                             |   |   |
| Available-for-sale financial assets (excl. variable-income securities) | -                                       | -             | -                            | -                           | -                | 49  | 49                          | -   | -   |
| Loans and receivables due from credit institutions                     | 125                                     | 105           | 20                           | -                           | -                | 487   | 612                         | 49  | 318   |
| Loans and receivables due from customers                               | 16,438                                  | 15,709        | 605                          | 45                          | 79               | 20,240  | 36,678                      | 9,734   | 11,429  |
| Held-to-maturity financial assets                                      | -                                       | -             | -                            | -                           | -                | -   | -                           | -   | -   |
| <b>Past-due assets, net of individual impairment provisions</b>        | <b>16,563</b>                           | <b>15,814</b> | <b>625</b>                   | <b>45</b>                   | <b>79</b>        | <b>20,776</b>   | <b>37,339</b>               | <b>9,783</b>  | <b>11,747</b>                                     |
| Financing commitments given  |   |               |                              |                             |                  | 739   | 739                         |   | 72  |
| Guarantee commitments given  |   |               |                              |                             |                  | 720   | 720                         |   | 376   |
| <b>Off-balance sheet non-performing commitments, net of provisions</b> |   |               |                              |                             |                  | <b>1,459</b>  | <b>1,459</b>                | <b>-</b>  | <b>448</b>  |
| <b>Total</b>   | <b>16,563</b>                           | <b>15,814</b> | <b>625</b>                   | <b>45</b>                   | <b>79</b>        | <b>22,235</b>   | <b>38,798</b>               | <b>9,783</b>  | <b>12,195</b>                                     |

| In millions of euros   | 31 December 2011                        |               |                              |                             |                  |   |                             |   |   |
|--|---|---------------|------------------------------|-----------------------------|------------------|---|-----------------------------|---|---|
|  | Maturities of unimpaired past-due loans |               |                              |                             |                  | Impaired assets and commitments covered by provisions | Total loans and commitments | Collateral received in respect of unimpaired past-due loans | Collateral received in respect of impaired assets |
|  | Total                                   | Up to 90 days | Between 90 days and 180 days | Between 180 days and 1 year | More than 1 year |   |                             |   |   |
| Available-for-sale financial assets (excl. variable-income securities) | -                                       | -             | -                            | -                           | -                | 72  | 72                          | -   | 2   |
| Loans and receivables due from credit institutions                     | 501                                     | 466           | 14                           | 5                           | 16               | 335   | 836                         | 244   | 90  |
| Loans and receivables due from customers                               | 17,408                                  | 16,578        | 688                          | 114                         | 28               | 20,533  | 37,941                      | 10,989  | 9,691   |
| Held-to-maturity financial assets                                      | -                                       | -             | -                            | -                           | -                | 63  | 63                          | -   | -   |
| <b>Past-due assets, net of individual impairment provisions</b>        | <b>17,909</b>                           | <b>17,044</b> | <b>702</b>                   | <b>119</b>                  | <b>44</b>        | <b>21,003</b>   | <b>38,912</b>               | <b>11,233</b>   | <b>9,783</b>                                      |
| Financing commitments given  |   |               |                              |                             |                  | 559   | 559                         |   | 106   |
| Guarantee commitments given  |   |               |                              |                             |                  | 1,156   | 1,156                       |   | 571   |
| <b>Off-balance sheet non-performing commitments, net of provisions</b> |   |               |                              |                             |                  | <b>1,715</b>  | <b>1,715</b>                | <b>-</b>  | <b>677</b>  |
| <b>Total</b>   | <b>17,909</b>                           | <b>17,044</b> | <b>702</b>                   | <b>119</b>                  | <b>44</b>        | <b>22,718</b>   | <b>40,627</b>               | <b>11,233</b>   | <b>10,460</b>                                     |



## 5.i DEBT SECURITIES AND SUBORDINATED DEBT

This note covers all debt securities in issue and subordinated debt measured at amortised cost and designated at fair value through profit or loss.

### DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (note 5.a)

| Issuer / Issue date<br>In millions of euros | Currency | Original amount in foreign currency (millions) | Date of call or interest step-up | Interest rate           | Interest step-up | Subordination ranking <sup>(1)</sup> | Conditions precedent for coupon payment <sup>(3)</sup> | 31 December 2012 | 31 December 2011 |
|---|----------|--|----------------------------------|-------------------------|------------------|--------------------------------------|--|------------------|------------------|
| <b>Debt securities</b>                      |          |  |                                  |                         |                  |                                      |  | <b>40,799</b>    | <b>37,987</b>    |
| <b>Subordinated debt</b>                    |          |  |                                  |                         |                  |                                      |  | <b>1,489</b>     | <b>2,393</b>     |
| <b>- Redeemable subordinated debt</b>       |          |  | <sup>(2)</sup>                   |                         |                  | 2                                    |  | <b>781</b>       | <b>1,283</b>     |
| <b>- Perpetual subordinated debt</b>        |          |  |                                  |                         |                  |                                      |  | <b>708</b>       | <b>1,110</b>     |
| Fortis Banque SA Dec. 2007                  | EUR      | 3,000  | Dec-14                           | 3-month Euribor +200 bp | -                | 5                                    | A  | 592              | 1,025            |
| Others                                      | -        | -  | -                                | -                       | -                | -                                    |  | 116              | 85               |

<sup>(1)</sup> The subordination ranking reflects where the debt stands in the order of priority for repayment against other financial liabilities.

<sup>(2)</sup> After agreement from the banking supervisory authority and at the issuer's initiative, these debt issues may contain a call provision authorising the Group to redeem the securities prior to maturity by repurchasing them in the stock market, via public tender offers, or in the case of private placements over the counter. Debt issued by BNP Paribas SA or foreign subsidiaries of the Group via placements in the international markets may be subject to early redemption of the capital and early payment of interest due at maturity at the issuer's discretion on or after a date stipulated in the issue particulars (call option), or in the event that changes in the applicable tax rules oblige the BNP Paribas Group issuer to compensate debt-holders for the consequences of such changes. Redemption may be subject to a notice period of between 15 and 60 days, and is in all cases subject to approval by the banking supervisory authorities.

<sup>(3)</sup> Conditions precedent for coupon payment:

- A Coupon payments are halted should the issuer have insufficient capital or the underwriters become insolvent or when the dividend declared for Ageas shares falls below a certain threshold.

The perpetual subordinated debt recognised at fair value through profit or loss chiefly consists of an issue by Fortis Banque SA in December 2007 of Convertible And Subordinated Hybrid Equity-linked Securities (CASHES).

The CASHES are perpetual securities but may be exchanged for Fortis SA/NV (now Ageas) shares at the holder's sole discretion at a price of EUR 23.94. However, as of 19 December 2014, the CASHES will be automatically exchanged into Fortis SA/NV shares if their price is equal to or higher than EUR 35.91 for twenty consecutive trading days. The principal amount will never be redeemed in cash. The rights of the CASHES holders are limited to the 125,313,283 Fortis SA/NV shares that Fortis Bank acquired on the date of issuance of the CASHES and pledged to them.

Fortis SA/NV and Fortis Banque have entered into a Relative Performance Note (RPN) contract, the value of which varies contractually so as to offset the impact on Fortis Banque of the relative difference between changes in the value of the CASHES and changes in the value of the Fortis SA/NV shares.

On 25 January 2012, Ageas and Fortis Bank signed an agreement concerning the partial settlement of the RPN and the purchase by Fortis Bank of all perpetual subordinated debts issued in 2001 for a nominal amount of EUR 1,000 million (recognised as debt at amortised cost), of which Ageas holds EUR 953 million. The settlement of the RPN and the purchase of the perpetual subordinated notes issued in 2001 both depended on BNP Paribas achieving a minimum success rate of 50% in the CASHES tender offer.





BNP Paribas launched a cash offer for the CASHES, then converted the CASHES acquired into underlying Ageas shares; BNP Paribas received compensation from Ageas, as the RPN mechanism ceased to exist proportionally to the CASHES converted.

The offer was closed on 30 January with a success rate of 63% at a price of 47.5%.

Following this operation, the net balance of the RPN represents a subordinated liability of EUR 241 million that is eligible to Tier 1 capital at 31 December 2012.

Maturity schedule of medium and long-term debt securities and redeemable subordinated debt designated at fair value through profit or loss with a maturity at issuance of more than one year:

| Maturity or call option date, in millions of euros | 2013         | 2014         | 2015         | 2016         | 2017         | 2018-2022    | After 2022   | TOTAL at 31 December 2012 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------------------|
| Medium- and long-term debt securities              | 7,226        | 7,521        | 7,004        | 5,403        | 4,331        | 5,174        | 4,140        | 40,799                    |
| Redeemable subordinated debt                       | 20           | 81           | 246          | 17           | 239          | 137          | 41           | 781                       |
| <b>Total</b>                                       | <b>7,246</b> | <b>7,602</b> | <b>7,250</b> | <b>5,420</b> | <b>4,570</b> | <b>5,311</b> | <b>4,181</b> | <b>41,580</b>             |

| Maturity or call option date, in millions of euros | 2012         | 2013         | 2014         | 2015         | 2016         | 2017-2021    | After 2021   | TOTAL at 31 December 2011 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------------------|
| Medium- and long-term debt securities              | 8,258        | 4,809        | 7,004        | 5,054        | 5,155        | 4,983        | 2,724        | 37,987                    |
| Redeemable subordinated debt                       | 520          | 46           | 85           | 468          | 22           | 92           | 50           | 1,283                     |
| <b>Total</b>                                       | <b>8,778</b> | <b>4,855</b> | <b>7,089</b> | <b>5,522</b> | <b>5,177</b> | <b>5,075</b> | <b>2,774</b> | <b>39,270</b>             |


**DEBT SECURITIES MEASURED AT AMORTISED COST**

| Issuer / Issue date<br>In millions of euros                                      | Currency | Original amount in foreign currency (millions) | Date of call or interest step-up | Interest rate   | Interest step-up        | Subordination ranking <sup>(1)</sup> | Conditions precedent for coupon payment <sup>(3)</sup> | 31 December 2012 | 31 December 2011 |
|--|----------|--|----------------------------------|---|-------------------------|--------------------------------------|--|------------------|------------------|
| <b>Debt securities</b>   |          |  |                                  |   |                         |                                      |  | <b>173,198</b>   | <b>157,786</b>   |
| <b>- Debt securities in issue with an initial maturity less than one year</b>    |          |  |                                  |   |                         | <b>1</b>                             |  | <b>83,591</b>    | <b>71,213</b>    |
| Negotiable debt securities   |          |  |                                  |   |                         |                                      |  | 83,591           | 71,213           |
| <b>- Debt securities in issue with an initial maturity of more than one year</b> |          |  |                                  |   |                         | <b>1</b>                             |  | <b>89,607</b>    | <b>86,573</b>    |
| Negotiable debt securities   |          |  |                                  |   |                         |                                      |  | 72,294           | 63,758           |
| Bonds  |          |  |                                  |   |                         |                                      |  | 17,313           | 22,815           |
| <b>Subordinated debt</b>   |          |  |                                  |   |                         |                                      |  | <b>15,223</b>    | <b>19,683</b>    |
| <b>- Redeemable subordinated debt</b>  |          |  | <sup>(2)</sup>                   |   |                         | <b>2</b>                             |  | <b>12,607</b>    | <b>16,165</b>    |
| <b>- Undated subordinated notes</b>  |          |  | <sup>(2)</sup>                   |   |                         |                                      |  | <b>1,461</b>     | <b>2,396</b>     |
| BNP SA Oct. 85   | EUR      | 305  | -                                | TMO -0.25%  | -                       | 3                                    | B  | 254              | 254              |
| BNP SA Sept. 86  | USD      | 500  | -                                | 6-month Libor +0.075%   | -                       | 3                                    | C  | 207              | 211              |
| Fortis Banque SA Sept. 01  | EUR      | 1,000  | Sep-11                           | 6.50%   | 3-month Euribor +237 bp | 5                                    | D  | -                | 1,000            |
| Fortis Banque SA Oct. 04   | EUR      | 1,000  | Oct-14                           | 4.625%  | 3-month Euribor +170 bp | 5                                    | E  | 879              | 814              |
| Others   | -        | -  | -                                | -   | -                       | -                                    | -  | 121              | 117              |
| <b>- Undated subordinated notes</b>  |          |  |                                  |   |                         |                                      |  | <b>926</b>       | <b>893</b>       |
| Fortis Banque NV/SA Feb. 08  | USD      | 750  | -                                | 8.28%   | -                       | 5                                    | E  | 563              | 548              |
| Fortis Banque NV/SA June 08  | EUR      | 375  | -                                | 8.03%   | -                       | 5                                    | -  | 363              | 345              |
| <b>- Participating notes <sup>(4)</sup></b>                                      |          |  |                                  |   |                         |                                      |  | <b>222</b>       | <b>224</b>       |
| BNP SA July 84   | EUR      | 337  | -                                | depending on net income subject to a minimum of 85% of the TMO rate and a maximum of 130% of the TMO rate | -                       | 4                                    | NA   | 215              | 220              |
| Others   | -        | -  | -                                | -   | -                       | -                                    | -  | 7                | 4                |
| <b>- Expenses and commission, related debt</b>                                   |          |  |                                  |   |                         |                                      |  | <b>7</b>         | <b>5</b>         |

<sup>(1)</sup> <sup>(2)</sup> see reference relating to "Debt securities at fair value through profit or loss"

<sup>(3)</sup> Conditions precedent for coupon payment

- B Payment of the interest is mandatory, unless the Board of Directors decides to postpone these payments after the Shareholders' General Meeting has officially noted that there is no income available for distribution, where this occurs within the 12 month period preceding the due date for payment of the interest. Interest payments are cumulative and are payable in full once dividend payments resume.
- C Payment of the interest is mandatory, unless the Board of Directors decides to postpone these payments after the Shareholders' General Meeting in ordinary session has validated the decision not to pay out a dividend, where this occurs within the 12 month period preceding the due date for payment of the interest. Interest payments are cumulative and are payable in full once dividend payments resume. The bank has the option of resuming payment of interest arrears, even where no dividend is paid out.
- D Interest is not payable if the coupons exceed the difference between net equity and the amount of the issuer's share capital and reserves not available for distribution.
- E Coupons are paid in the form of other securities if Tier 1 capital stands at less than 5% of the issuer's risk-weighted assets

<sup>(4)</sup> The participating notes issued by BNP SA may be repurchased as provided for in the law of 3 January 1983. Accordingly, during 2012, 32,000 notes were repurchased and cancelled. The number of notes in the market is 1,434,092.



In the fourth quarter of 2011, the bank made a public offer to exchange redeemable subordinated debt, eligible for inclusion in Tier 2 capital, for new senior debt. The transaction reduced the outstanding amount of redeemable subordinated debt by EUR 1,433 million, and resulted in the recognition of a EUR 41 million gain in net interest income.

Maturity schedule of medium and long-term debt securities and redeemable subordinated debt carried at amortised cost with a maturity at issuance of more than one year:

| Maturity or call option date, in millions of euros | 2013          | 2014          | 2015          | 2016         | 2017          | 2018-2022     | After 2022   | TOTAL at 31 December 2012 |
|--|---------------|---------------|---------------|--------------|---------------|---------------|--------------|---------------------------|
| Medium- and long-term debt securities              | 16,914        | 16,657        | 14,896        | 7,359        | 10,845        | 18,351        | 4,585        | 89,607                    |
| Redeemable subordinated debt                       | 1,630         | 1,138         | 1,196         | 1,526        | 4,344         | 2,535         | 238          | 12,607                    |
| <b>Total</b>                                       | <b>18,544</b> | <b>17,795</b> | <b>16,092</b> | <b>8,885</b> | <b>15,189</b> | <b>20,886</b> | <b>4,823</b> | <b>102,214</b>            |

| Maturity or call option date, in millions of euros | 2012          | 2013          | 2014          | 2015          | 2016          | 2017-2021     | After 2021   | TOTAL at 31 December 2011 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------------------|
| Medium- and long-term debt securities              | 16,630        | 12,994        | 10,085        | 12,994        | 13,569        | 14,954        | 5,347        | 86,573                    |
| Redeemable subordinated debt                       | 2,818         | 1,485         | 1,125         | 813           | 1,902         | 6,809         | 1,213        | 16,165                    |
| <b>Total</b>                                       | <b>19,448</b> | <b>14,479</b> | <b>11,210</b> | <b>13,807</b> | <b>15,471</b> | <b>21,763</b> | <b>6,560</b> | <b>102,738</b>            |

## 5.j HELD-TO-MATURITY FINANCIAL ASSETS

| In millions of euros                           | 31 December 2012 |                            | 31 December 2011 |                            |
|--|------------------|----------------------------|------------------|----------------------------|
|  | Net              | of which impairment losses | Net              | of which impairment losses |
| Treasury bills and government bonds            | 10,127           | -                          | 10,394           | (223)                      |
| Other fixed-income securities                  | 157              | -                          | 182              | -                          |
| <b>Total held-to-maturity financial assets</b> | <b>10,284</b>    | <b>-</b>                   | <b>10,576</b>    | <b>(223)</b>               |

At 31 December 2011 the impaired securities were the Greek sovereign bonds held by insurance entities for a gross amount of EUR 286 million. These assets were extinguished on 12 March 2012 with the securities exchange described in note 4.

Disposals of sovereign debt securities classified as held-to-maturity financial assets in 2011 are described in note 4.

**5.k CURRENT AND DEFERRED TAXES**

| In millions of euros                        | 31 December 2012 | 31 December 2011 |
|---|------------------|------------------|
| Current taxes                               | 790              | 2,227            |
| Deferred taxes                              | 7,871            | 9,343            |
| <b>Current and deferred tax assets</b>      | <b>8,661</b>     | <b>11,570</b>    |
| Current taxes                               | 901              | 1,893            |
| Deferred taxes                              | 2,145            | 1,596            |
| <b>Current and deferred tax liabilities</b> | <b>3,046</b>     | <b>3,489</b>     |

Change in deferred tax over the period:

| In millions of euros   | Year to 31 Dec. 2012 | Year to 31 Dec. 2011 |
|--|----------------------|----------------------|
| <b>Net deferred taxes at start of period</b>   | <b>7,747</b>         | <b>7,601</b>         |
| Net losses arising from deferred taxes ( <i>note 2.g</i> )   | (363)                | (687)                |
| Changes in deferred taxes linked to changes in value and reversal through profit or loss of changes in value of available-for-sale financial assets, including those reclassified as loans and receivables | (2,054)              | 848                  |
| Changes in deferred taxes linked to changes in value and reversal through profit or loss of changes in value of hedging derivatives  | (195)                | (428)                |
| Effect of exchange rate and other movements  | 591                  | 413                  |
| <b>Net deferred taxes at end of period</b>   | <b>5,726</b>         | <b>7,747</b>         |

Breakdown of deferred tax assets and liabilities by nature:

| In millions of euros   | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| Available-for-sale financial assets, including those reclassified as loans and receivables | (365)            | 1,708            |
| Unrealised finance lease reserve   | (688)            | (725)            |
| Provisions for employee benefit obligations  | 915              | 844              |
| Provisions for credit risk   | 2,811            | 3,607            |
| Other items  | (103)            | (535)            |
| Tax loss carryforwards   | 3,156            | 2,848            |
| <b>Net deferred taxes</b>  | <b>5,726</b>     | <b>7,747</b>     |
| Deferred tax assets  | 7,871            | 9,343            |
| Deferred tax liabilities   | (2,145)          | (1,596)          |

Unrecognised deferred tax assets totalled EUR 1,905 million at 31 December 2012 compared with EUR 2,404 million at 31 December 2011.

In order to determine the size of the tax loss carryforwards recognised as assets, the Group conducts every year a specific review for each relevant entity based on the applicable tax regime, notably incorporating any time limit rules, and a realistic projection of their future revenue and charges in line with their business plan.



Entities with deferred tax assets recognised on tax loss carryforwards of more than EUR 100 million:

| In millions of euros  | 31 December 2012 | Statutory time limit on carryforwards | Expected recovery period |
|---|------------------|---------------------------------------|--------------------------|
| Fortis Banque SA  | 2,451            | unlimited                             | 9 years                  |
| BNP Paribas London branch   | 115              | unlimited                             | 3 years                  |
| UkrSibbank  | 105              | unlimited                             | 10 years                 |
| Others  | 485              |                                       |                          |
| <b>Total deferred tax assets relating to tax loss carryforwards</b> | <b>3,156</b>     |                                       |                          |

## 5.1 ACCRUED INCOME/EXPENSE AND OTHER ASSETS/LIABILITIES

| In millions of euros                                   | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| Guarantee deposits and bank guarantees paid            | 52,602           | 44,832           |
| Settlement accounts related to securities transactions | 13,005           | 18,972           |
| Collection accounts                                    | 453              | 792              |
| Reinsurers' share of technical reserves                | 2,827            | 2,524            |
| Accrued income and prepaid expenses                    | 4,982            | 2,996            |
| Other debtors and miscellaneous assets                 | 25,490           | 23,424           |
| <b>Total accrued income and other assets</b>           | <b>99,359</b>    | <b>93,540</b>    |
| Guarantee deposits received                            | 42,235           | 40,733           |
| Settlement accounts related to securities transactions | 12,760           | 16,577           |
| Collection accounts                                    | 1,288            | 1,084            |
| Accrued expenses and deferred income                   | 6,338            | 4,708            |
| Other creditors and miscellaneous liabilities          | 24,070           | 17,908           |
| <b>Total accrued expenses and other liabilities</b>    | <b>86,691</b>    | <b>81,010</b>    |

The movement in "Reinsurers' share of technical reserves" breaks down as follows:

| In millions of euros   | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| Reinsurers' share of technical reserves at start of period                 | 2,524            | 2,495            |
| Increase in technical reserves borne by reinsurers                         | 3,470            | 1,463            |
| Amounts received in respect of claims and benefits passed on to reinsurers | (3,166)          | (1,412)          |
| Effect of changes in exchange rates and scope of consolidation             | (1)              | (22)             |
| <b>Reinsurers' share of technical reserves at end of period</b>            | <b>2,827</b>     | <b>2,524</b>     |

**5.m INVESTMENTS IN ASSOCIATES**

Associates for which the Group's share of the equity value is above EUR 100 million at 31 December 2012 are listed below.

| In millions of euros                                   | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| <b>Retail Banking</b>                                  | <b>1,341</b>     | <b>1,269</b>     |
| of which Bank of Nanjing                               | 463              | 362              |
| of which Carrefour Banque                              | 265              | 248              |
| of which Servicios Financieros Carrefour EFC SA        | 136              | 112              |
| of which Carrefour Promotora de Vendas e Participações | -                | 140              |
| <b>Investment Solutions</b>                            | <b>2,296</b>     | <b>1,665</b>     |
| of which AG Insurance                                  | 1,455            | 957              |
| of which BNP Paribas Cardif Emeklilik Anonim Sirketi   | 121              | 137              |
| <b>Corporate and Investments Banking</b>               | <b>817</b>       | <b>489</b>       |
| of which Verner Investments                            | 341              | 354              |
| of which BNP Paribas Securities (Japan) Ltd            | 270              | -                |
| <b>Other Activities</b>                                | <b>2,586</b>     | <b>1,051</b>     |
| of which Klépierre                                     | 1,096            | -                |
| of which Erbe  | 1,027            | 967              |
| of which SCI Scoo                                      | 275              | -                |
| of which SCI Portes de Claye                           | 118              | -                |
| <b>Investments in associates</b>                       | <b>7,040</b>     | <b>4,474</b>     |

The following table gives financial data for the Group's main associates:

| In millions of euros                                       | Financial reporting standards | Total assets | Net revenue | Net income attributable to equity holders |
|--|-------------------------------|--------------|-------------|---|
| AG Insurance <sup>(2)</sup>                                | Local Gaap                    | 58,147       | 6,113       | (384)                                     |
| Bank of Nanjing <sup>(2)</sup>                             | Local Gaap                    | 34,502       | 830         | 357                                       |
| BNP Paribas Cardif Emeklilik Anonim Sirketi <sup>(2)</sup> | IFRS Gaap                     | 361          | (5)         | (10)                                      |
| BNP Paribas Securities (Japan) Ltd. <sup>(2)</sup>         | Local Gaap                    | 309          | 79          | 519                                       |
| Carrefour Banque <sup>(2)</sup>                            | Local Gaap                    | 4,674        | 365         | 63  |
| Erbe <sup>(2)</sup>  | Local Gaap                    | 2,372        | -           | 41  |
| Klépierre <sup>(2)</sup>                                   | Local Gaap                    | 7,561        | 267         | 240                                       |
| SCI Scoo <sup>(2)</sup>                                    | Local Gaap                    | 409          | 33          | 33  |
| SCI Portes de Claye <sup>(1)</sup>                         | Local Gaap                    | 267          | -           | 4   |
| Servicios Financieros Carrefour EFC SA <sup>(2)</sup>      | Local Gaap                    | 1,282        | 203         | 59  |
| Verner Investissements <sup>(1)</sup>                      | IFRS Gaap                     | 6,353        | 347         | 39  |

<sup>(1)</sup> Data relating to 31 December 2012.

<sup>(2)</sup> Data relating to 31 December 2011.



## 5.n PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS USED IN OPERATIONS, INVESTMENT PROPERTY

| In millions of euros  | 31 December 2012 |   |                 | 31 December 2011 |   |                 |
|---|------------------|---|-----------------|------------------|---|-----------------|
|   | Gross value      | Accumulated depreciation, amortisation and impairment | Carrying amount | Gross value      | Accumulated depreciation, amortisation and impairment | Carrying amount |
| Investment property   | 1,199            | (272)   | 927             | 13,621           | (2,177)   | 11,444          |
| Land and buildings  | 6,997            | (1,460)   | 5,537           | 6,857            | (1,339)   | 5,518           |
| Equipment, furniture and fixtures                           | 6,519            | (4,200)   | 2,319           | 6,614            | (4,092)   | 2,522           |
| Plant and equipment leased as lessor under operating leases | 12,762           | (4,157)   | 8,605           | 12,964           | (4,256)   | 8,708           |
| Other property, plant and equipment                         | 1,780            | (922)   | 858             | 2,334            | (804)   | 1,530           |
| Property, plant and equipment                               | 28,058           | (10,739)  | 17,319          | 28,769           | (10,491)  | 18,278          |
| Purchased software  | 2,543            | (1,978)   | 565             | 2,410            | (1,814)   | 596             |
| Internally-developed software                               | 2,890            | (1,992)   | 898             | 2,705            | (1,920)   | 785             |
| Other intangible assets                                     | 1,602            | (480)   | 1,122           | 1,542            | (451)   | 1,091           |
| Intangible assets   | 7,035            | (4,450)   | 2,585           | 6,657            | (4,185)   | 2,472           |

The decrease of the carrying amount of investment property and other properties, plant and equipment is due to the loss of control over Klépierre at the end of the first quarter 2012 (note 8.d).

- **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 amortised cost at 31 December 2012 is EUR 1,087 million, compared with EUR 16,900 million at 31 December 2011.

- **Operating leases**

Operating leases and investment property transactions are in certain cases subject to agreements providing for the following minimum future payments:

| In millions of euros   | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| <b>Future minimum lease payments receivable under non-cancellable leases</b> | <b>5,352</b>     | <b>8,248</b>     |
| <i>Payments receivable within 1 year</i>                                     | 2,404            | 3,203            |
| <i>Payments receivable after 1 year but within 5 years</i>                   | 2,839            | 4,624            |
| <i>Payments receivable beyond 5 years</i>                                    | 109              | 421              |

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

The decrease of the future minimum lease payments receivable is due to the loss of control over Klépierre at the end of the first quarter 2012 (note 8.d).

- **Intangible assets**

Other intangible assets include leasehold rights, goodwill and trademarks acquired by the Group.



• **Depreciation, amortisation and impairment**

Net depreciation and amortisation expense for the year ended 31 December 2012 was EUR 1,546 million, compared with EUR 1,491 million for the year ended 31 December 2011.

The net decrease in impairment losses on property, plant, equipment and intangible assets taken to the profit and loss account in the year ended 31 December 2012 amounted to EUR 3 million, compared with a net increase of EUR 17 million for the year ended 31 December 2011.

**5.0 GOODWILL**

| In millions of euros                                   | Year to 31 Dec. 2012 | Year to 31 Dec. 2011 |
|--|----------------------|----------------------|
| Carrying amount at start of period                     | 11,406               | 11,324               |
| Acquisitions   | 2                    | 341                  |
| Divestments  | (240)                | (157)                |
| Impairment losses recognised during the period         | (493)                | (173)                |
| Translation adjustments                                | (89)                 | 53                   |
| Other movements  | 5                    | 18                   |
| Carrying amount at end of period                       | 10,591               | 11,406               |
| Gross value  | 11,750               | 12,082               |
| Accumulated impairment recognised at the end of period | (1,159)              | (676)                |

Goodwill by core business is as follows:

| In millions of euros                    | Carrying amount  |                  | Impairment losses recognised |                      | Acquisitions of the period |                      |
|---|------------------|------------------|------------------------------|----------------------|----------------------------|----------------------|
|   | 31 December 2012 | 31 December 2011 | Year to 31 Dec. 2012         | Year to 31 Dec. 2011 | Year to 31 Dec. 2012       | Year to 31 Dec. 2011 |
| <b>Goodwill</b>                         |                  |                  |                              |                      |                            |                      |
| <b>Retail Banking</b>                   | <b>8,361</b>     | <b>8,962</b>     | <b>(486)</b>                 | <b>(172)</b>         | <b>-</b>                   | <b>216</b>           |
| Arval                                   | 316              | 310              | -                            | -                    | -                          | -                    |
| BancWest                                | 3,782            | 3,852            | -                            | -                    | -                          | -                    |
| French & Belgian Retail Banking         | 59               | 77               | -                            | -                    | -                          | 9                    |
| Italian Retail Banking                  | 1,400            | 1,698            | (298)                        | -                    | -                          | -                    |
| Europe-Mediterranean                    | 295              | 287              | -                            | -                    | -                          | 199                  |
| Leasing Solutions                       | 147              | 232              | (80)                         | -                    | -                          | 7                    |
| Personal Finance                        | 1,950            | 2,093            | (108)                        | (172)                | -                          | 1                    |
| Personal Investors                      | 412              | 413              | -                            | -                    | -                          | -                    |
| <b>Investment Solutions</b>             | <b>1,584</b>     | <b>1,544</b>     | <b>-</b>                     | <b>-</b>             | <b>2</b>                   | <b>125</b>           |
| Insurance                               | 259              | 258              | -                            | -                    | -                          | 120                  |
| Investment Partners                     | 251              | 248              | -                            | -                    | -                          | -                    |
| Real Estate                             | 351              | 348              | -                            | -                    | 2                          | 5                    |
| Securities Services                     | 372              | 365              | -                            | -                    | -                          | -                    |
| Wealth Management                       | 351              | 325              | -                            | -                    | -                          | -                    |
| <b>Corporate and Investment Banking</b> | <b>643</b>       | <b>657</b>       | <b>(7)</b>                   | <b>-</b>             | <b>-</b>                   | <b>-</b>             |
| <b>Other Activities</b>                 | <b>3</b>         | <b>243</b>       | <b>-</b>                     | <b>(1)</b>           | <b>-</b>                   | <b>-</b>             |
| <b>Total goodwill</b>                   | <b>10,591</b>    | <b>11,406</b>    | <b>(493)</b>                 | <b>(173)</b>         | <b>2</b>                   | <b>341</b>           |
| Negative goodwill                       |                  |                  | 3                            | 67                   |                            |                      |
| Change in value of goodwill             |                  |                  | (490)                        | (106)                |                            |                      |

Goodwill impairment tests are based on three different methods: observation of transactions related to comparable businesses, share price data for listed companies with comparable businesses, and discounted future cash flows (DCF).

If one of the two comparables-based methods indicates the need for impairment, the DCF method is used to validate the results and determine the amount of impairment required.





The DCF method is based on a number of assumptions in terms of future revenues, expenses and cost of risk. These parameters are taken from medium-term business plans for the first three years, extrapolated over a sustainable growth period of ten years, representing the duration of the economic cycle to which the banking industry is sensitive, and then in perpetuity, based on sustainable growth rates up to ten years and the inflation rate thereafter, for each business line.

The key parameters which are sensitive to the assumptions made are the cost/income ratio, the sustainable growth rate and the cost of capital. Cost of capital is determined on the basis of a risk-free rate, an observed market risk premium weighted by a risk factor based on comparables specific to each homogeneous group of businesses. The sustainable growth rates used are obtained from external market sources and if necessary are revised down according to management expectations. The cost/income ratio is based on the structure specific to each homogeneous group of businesses.

The table below shows the sensitivity of cash generating unit valuations to changes in the value of parameters used in the DCF calculation. The cost of capital, cost/income ratio and sustainable 10-year growth rate are specific to each business. The growth rate beyond 10 years is set at 2% for all businesses, which is a conservative rate in view of inflation rates in most countries in which the Group operates.

Lastly, allocated capital is determined for each homogeneous group of businesses based on the Core Tier One regulatory requirements for the legal entity to which the homogeneous group of businesses belongs, with a minimum of 7%.

In 2012, considering in particular the expected increase in the Bank of Italy capital requirement (local Core Equity Tier One increased from 7% to 8%), the Group recognised a EUR 298 million impairment of the goodwill allocated to the BNL bc homogeneous group.

#### **Sensitivity of the main goodwill valuations to a 10-basis point change in the cost of capital and a 1% change in the cost/income ratio and in the sustainable growth rate**

| In millions of euros                | BNL bc       | BancWest                   | Personal Finance<br>(excluding specific CGU) |
|-------------------------------------|--------------|----------------------------|--|
| <b>Cost of capital</b>              | <b>10.2%</b> | <b>8.3%</b>                | <b>10.5%</b>                                 |
| Adverse change (+10 basis points)   | (98)         | (152)                      | (114)  |
| Positive change (- 10 basis points) | 100          | 157                        | 116  |
| <b>Cost/income ratio</b>            | <b>53.3%</b> | <b>61.6%</b>               | <b>46.0%</b>                                 |
| Adverse change (+ 1 %)              | (226)        | (276)                      | (339)  |
| Positive change (-1 %)              | 226          | 276                        | 339  |
| <b>Sustainable growth rate</b>      | <b>5.0%</b>  | <sup>(1)</sup> <b>5.0%</b> | <b>5.0%</b>                                  |
| Adverse change (- 1 %)              | (232)        | <sup>(1)</sup> (254)       | (779)  |
| Positive change (+1 %)              | 240          | <sup>(1)</sup> 267         | 820  |

<sup>(1)</sup> From 2018

For the BancWest and Personal Finance (excluding specific CGU) cash generating units, there are no grounds for goodwill writedowns even if the three most adverse scenarios contained in the table are applied to the impairment test.



## 5.p TECHNICAL RESERVES OF INSURANCE COMPANIES

| In millions of euros   | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| <b>Liabilities related to insurance contracts</b>  | <b>131,070</b>   | <b>122,494</b>   |
| Gross technical reserves   |                  |                  |
| Unit-linked contracts  | 42,241           | 39,550           |
| Other insurance contracts  | 88,829           | 82,944           |
| <b>Liabilities related to financial contracts with discretionary participation feature</b> | <b>10,424</b>    | <b>10,564</b>    |
| <b>Policyholders' surplus reserve - liability</b>  | <b>6,498</b>     | <b>-</b>         |
| <b>Total technical reserves of insurance companies</b>                                     | <b>147,992</b>   | <b>133,058</b>   |
| Policyholders' surplus reserve - asset <sup>(1)</sup>                                      | -                | (1,247)          |
| Liabilities related to unit-linked financial contracts <sup>(2)</sup>                      | 1,298            | 1,340            |
| Liabilities related to general fund financial contracts                                    | 25               | 45               |
| <b>Total liabilities related to contracts written by insurance companies</b>               | <b>149,315</b>   | <b>133,196</b>   |

(1) The policyholders' loss asset is presented under "other debtors and miscellaneous assets"

(2) Liabilities related to unit-linked financial contracts are included in "Due to customers" (note 5.g)

The policyholders' surplus reserve arises from the application of shadow accounting. It represents the interest of policyholders within French and Italian life insurance subsidiaries in unrealised gains and losses and impairment losses on assets where the benefit paid under the policy is linked to the return on those assets. It is obtained from stochastic calculations modelling the unrealised gains and losses attributable to policyholders based on economic scenarios and assumptions as regards rates paid to customers and new business inflows. For France, this resulted in an interest of 90% in 2012, unchanged from 2011.

The application of these models led to recognise a policyholders' surplus liability in 2012, whilst market conditions in the second half of 2011 had led to the recognition of an asset, representing policyholders' share of unrealised losses and writedowns on the portfolio of financial assets which are taken to income or directly to equity depending on their accounting category.

The movement in liabilities related to insurance contracts breaks down as follows:

| In millions of euros   | Year to 31 Dec. 2012 | Year to 31 Dec. 2011 |
|--|----------------------|----------------------|
| <b>Liabilities related to contracts at start of period</b>   | <b>133,196</b>       | <b>116,409</b>       |
| Additions to insurance contract technical reserves and deposits taken on financial contracts related to life insurance | 30,801               | 11,895               |
| Claims and benefits paid   | (18,177)             | (12,407)             |
| Contracts portfolio disposals  | -                    | (92)                 |
| Effect of changes in the scope of consolidation  | (6)                  | 18,984               |
| Effect of movements in exchange rates  | 140                  | 4                    |
| Effect of changes in value of admissible investments related to unit-linked business                                   | 3,361                | (1,597)              |
| <b>Liabilities related to contracts at end of period</b>   | <b>149,315</b>       | <b>133,196</b>       |

See note 5.1 for details of reinsurers' share of technical reserves.



## 5.q PROVISIONS FOR CONTINGENCIES AND CHARGES

- Provisions for contingencies and charges

| In millions of euros   | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| <b>Provisions for employee benefits</b>  | <b>5,985</b>     | <b>6,019</b>     |
| of which post-employment benefit (note 7.b)  | 4,334            | 4,398            |
| of which post-employment healthcare benefits (note 7.b)  | 123              | 116              |
| of which provision for other long-term benefits (note 7.c)   | 1,058            | 972              |
| of which provision for voluntary departure, early retirement plans, and headcount adaptation plan (note 7.d) | 470              | 533              |
| <b>Provisions for home savings accounts and plans</b>  | <b>142</b>       | <b>233</b>       |
| <b>Provisions for off-balance sheet commitments (note 2.f)</b>   | <b>976</b>       | <b>991</b>       |
| <b>Provisions for litigations</b>  | <b>1,683</b>     | <b>1,448</b>     |
| <b>Other provisions for contingencies and charges</b>  | <b>2,176</b>     | <b>1,789</b>     |
| <b>Total provisions for contingencies and charges</b>  | <b>10,962</b>    | <b>10,480</b>    |

| In millions of euros                                      | 31 December 2012 | 31 December 2011 |
|---|------------------|------------------|
| <b>Total provisions at start of period</b>                | <b>10,480</b>    | <b>10,311</b>    |
| Net additions to provisions                               | 1,141            | 376              |
| Provisions used   | (1,102)          | (1,260)          |
| Effect of movements in exchange rates and other movements | 443              | 1,053            |
| <b>Total provisions at end of period</b>                  | <b>10,962</b>    | <b>10,480</b>    |

- Provisions for regulated savings product risks

### Deposits, loans and savings

| In millions of euros  | 31 December 2012 | 31 December 2011 |
|---|------------------|------------------|
| <b>Deposits collected under home savings accounts and plans</b>               | <b>14,946</b>    | <b>14,699</b>    |
| of which deposits collected under home savings plans                          | 12,076           | 11,846           |
| Aged more than 10 years   | 5,374            | 5,897            |
| Aged between 4 and 10 years   | 4,491            | 3,290            |
| Aged less than 4 years  | 2,211            | 2,659            |
| <b>Outstanding loans granted under home savings accounts and plans</b>        | <b>379</b>       | <b>438</b>       |
| of which loans granted under home savings plans                               | 76               | 96               |
| <b>Provisions and discount recognised for home savings accounts and plans</b> | <b>152</b>       | <b>243</b>       |
| of which discount recognised for home savings accounts and plans              | 10               | 10               |
| of which provisions recognised for home savings accounts and plans            | 142              | 233              |
| of which provisions recognised for plans aged more than 10 years              | 65               | 65               |
| of which provisions recognised for plans aged between 4 and 10 years          | 28               | 91               |
| of which provisions recognised for plans aged less than 4 years               | 31               | 68               |
| of which provisions recognised for home savings accounts                      | 18               | 9                |



## Change in provisions

| In millions of euros                      | Year to 31 Dec. 2012                       |   | Year to 31 Dec. 2011                       |   |
|---|--|---|--|---|
|   | 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       | 224  | 19  | 203  | 23  |
| Additions to provisions during the period | -  | 9   | 21   | -   |
| Provision reversals during the period     | (100)                                      | -   | -  | (4)   |
| Total provisions at end of period         | 124  | 28  | 224  | 19  |

The reversal recognised in 2012 was due primarily to a revision of the provision calculation model and, in particular, the method of determining the reference rates, which has been adapted to take account of current liquidity pricing conditions for products offered to individual customers (see note 1.c.2).

## 5.r TRANSFERS OF FINANCIAL ASSETS

Financial assets that have been transferred but not derecognised by the Group are mainly composed of securities sold temporarily under repurchase agreements or securities lending transactions, as well as securitised assets. The liabilities associated to securities temporarily sold under repurchase agreements consist of debts recognised under the “repurchase agreements” heading. The liabilities associated to securitised assets consist of the securitisation notes purchased by third parties.

### Securities lending and repurchase agreements:

| In millions of euros, at 31 December 2012       | Carrying amount of transferred assets | Carrying amount of associated liabilities |
|---|---------------------------------------|---|
| <b>Securities lending operations</b>            |                                       |   |
| Securities at fair value through profit or loss | 3,270                                 |   |
| <b>Repurchase agreements</b>                    |                                       |   |
| Securities at fair value through profit or loss | 52,604                                | 51,915                                    |
| Securities classified as loans and receivables  | 957                                   | 888                                       |
| Available-for-sale financial assets             | 9,422                                 | 9,423                                     |
| <b>Total</b>                                    | <b>66,253</b>                         | <b>62,226</b>                             |

### Securitisation transactions partially refinanced by external investors, whose recourse is limited to the transferred assets:

| In millions of euros, at 31 December 2012       | Carrying amount of transferred assets | Carrying amount of associated liabilities | Fair value of transferred assets | Fair value of associated liabilities | Net position |
|---|---------------------------------------|---|----------------------------------|--------------------------------------|--------------|
| <b>Securitisation</b>                           |                                       |   |                                  |                                      |              |
| Securities at fair value through profit or loss | 231                                   | 217                                       | 231                              | 217                                  | 14           |
| Loans and receivables                           | 11,447                                | 8,997                                     | 11,487                           | 8,915                                | 2,572        |
| Available-for-sale financial assets             | 283                                   | 305                                       | 262                              | 283                                  | (21)         |
| <b>Total</b>                                    | <b>11,961</b>                         | <b>9,519</b>                              | <b>11,980</b>                    | <b>9,415</b>                         | <b>2,565</b> |

There have been no significant transfers leading to partial or full derecognition of the financial assets where the Bank has a continuing involvement in them.



## 6. FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS

### 6.a FINANCING COMMITMENTS GIVEN OR RECEIVED

Contractual value of financing commitments given and received by the Group:

| In millions of euros                        | 31 December 2012 | 31 December 2011 |
|---|------------------|------------------|
| <b>Financing commitments given</b>          |                  |                  |
| - to credit institutions                    | 48,628           | 27,291           |
| - to customers                              | 215,656          | 226,007          |
| Confirmed letters of credit                 | 176,355          | 199,706          |
| Other commitments given to customers        | 39,301           | 26,301           |
| <b>Total financing commitments given</b>    | <b>264,284</b>   | <b>253,298</b>   |
| <b>Financing commitments received</b>       |                  |                  |
| - from credit institutions                  | 119,722          | 119,719          |
| - from customers                            | 6,036            | 6,781            |
| <b>Total financing commitments received</b> | <b>125,758</b>   | <b>126,500</b>   |

### 6.b GUARANTEE COMMITMENTS GIVEN BY SIGNATURE

| In millions of euros   | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| <b>Guarantee commitments given</b>                               |                  |                  |
| - to credit institutions   | 11,829           | 14,920           |
| - to customers   | 79,860           | 91,176           |
| - Property guarantees  | 1,054            | 1,783            |
| - Sureties provided to tax and other authorities, other sureties | 44,283           | 50,975           |
| - Other guarantees   | 34,523           | 38,418           |
| <b>Total guarantee commitments given</b>                         | <b>91,689</b>    | <b>106,096</b>   |

### 6.c OTHER GUARANTEE COMMITMENTS

Financial instruments given as collateral:

| In millions of euros   | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| <b>Financial instruments (negotiable securities and private receivables) lodged with central banks and eligible for use at any time as collateral for refinancing transactions after haircut</b> | <b>99,499</b>    | <b>91,231</b>    |
| - Used as collateral with central banks  | 42,201           | 48,582           |
| - Available for refinancing transactions   | 57,298           | 42,649           |
| <b>Securities sold under repurchase agreements</b>   | <b>238,734</b>   | <b>239,813</b>   |
| <b>Other financial assets pledged as collateral for transactions with credit institutions, financial customers or subscribers of covered bonds issued by the Group<sup>(1)</sup></b>             | <b>149,237</b>   | <b>119,703</b>   |

<sup>(1)</sup> notably including "Société de Financement de l'Économie Française" and "Caisse de Refinancement de l'Habitat" financing



Financial instruments given as collateral by the Group that the beneficiary is authorised to sell or reuse as collateral amounted to EUR 328,024 million at 31 December 2012 (EUR 336,757 million at 31 December 2011).

Financial instruments received as collateral:

| In millions of euros   | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| <b>Financial instruments received as collateral (excluding repurchase agreements)</b>    | <b>71,671</b>    | <b>68,705</b>    |
| <i>of which instruments that the Group is authorised to sell and reuse as collateral</i> | <i>32,140</i>    | <i>30,509</i>    |
| <b>Securities received under repurchase agreements</b>                                   | <b>174,474</b>   | <b>195,530</b>   |

The financial instruments received as collateral or under repurchase agreements that the Group effectively sold or reused as collateral amounted to EUR 156,718 million at 31 December 2012 (compared with EUR 144,791 million at 31 December 2011).



## 7. SALARIES AND EMPLOYEE BENEFITS

### 7.a SALARY AND EMPLOYEE BENEFIT EXPENSES

| In millions of euros  | Year to 31 Dec. 2012 | Year to 31 Dec. 2011 |
|---|----------------------|----------------------|
| Fixed and variable remuneration, incentive bonuses and profit-sharing | 11,209               | 10,844               |
| Retirement bonuses, pension costs and social security taxes           | 3,563                | 3,724                |
| Payroll taxes   | 483                  | 435                  |
| <b>Total salary and employee benefit expenses</b>                     | <b>15,255</b>        | <b>15,003</b>        |

### 7.b POST-EMPLOYMENT BENEFITS

IAS 19 distinguishes between two categories of plans, each handled differently depending on the risk incurred by the entity. When the entity is committed to paying a fixed amount, stated as a percentage of the beneficiary's annual salary, for example, to an external entity handling payment of the benefits based on the assets available for each plan member, it is described as a defined contribution plan. Conversely, when the entity's obligation is to manage the financial assets funded through the collection of contributions from employees and to bear the cost of benefits itself or to guarantee the final amount subject to future events, it is described as a defined-benefit plan. The same applies, if the entity entrusts management of the collection of premiums and payment of benefits to a separate entity, but retains the risk arising from management of the assets and from future changes in the benefits.

#### PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

The BNP Paribas Group has implemented over the past few years a wide campaign of converting defined-benefit plans into defined -contribution plans.

In France, for example, the BNP Paribas Group pays contributions to various nationwide basic and top-up pension schemes. BNP Paribas SA and certain subsidiaries have set up a funded pension plan under a company-wide agreement. Under this plan, employees will receive an annuity on retirement in addition to the pension paid by nationwide schemes.

In addition, since defined benefit plans have been closed to new employees in most countries outside France, they are offered the benefit of joining defined contribution pension plans.

The amount paid into defined-contribution post-employment plans in France and other countries for the year to 31 December 2012 was EUR 531 million, compared with EUR 511 million for the year to 31 December 2011.



- Defined-benefit pension plans for Group entities

In France, BNP Paribas pays a top-up banking industry pension arising from rights acquired to 31 December 1993 by retired employees at that date and active employees in service at that date. The residual pension obligations are covered by a provision in the consolidated financial statements or are transferred to an insurance company outside the Group. The defined-benefit plans previously granted to Group executives formerly employed by BNP, Paribas or Compagnie Bancaire have all been closed and converted into top-up type schemes. The amounts allocated to the beneficiaries, subject to their presence within the Group at retirement, were fixed when the previous schemes were closed. These pension plans have been funded through insurance companies. The fair value of the related plan assets in these companies' balance sheets breaks down as 83.7% bonds, 6.8% equities and 9.5% property assets.

In Belgium, BNP Paribas Fortis provides a defined-benefit plan for its employees and middle managers who joined the bank before its pension plans were harmonised on 1 January 2002, based on final salary and the number of years' service. The obligation is partially funded through AG Insurance, in which the BNP Paribas Group owns an 18.7% interest. BNP Paribas Fortis' senior managers have a pension plan that provides a lump sum based on the number of years of service and final salary, which is partially funded through AXA Belgium and AG Insurance.

Under Belgian and Swiss law, the employer is responsible for a guaranteed minimum return on defined-contribution plans. As a result of this obligation, these plans are classified as defined-benefit plans.

Defined-benefit pension plans remain in place in certain countries, but are generally closed to new members. They are based either on the vesting of a pension linked to the employee's final salary and length of service (United Kingdom) or on the annual vesting of rights to a lump sum expressed as a percentage of annual salary and paying interest at a pre-defined rate (United States). Some plans are top-up schemes linked to statutory pensions (Norway). Some plans are managed by an insurance company (Netherlands), a foundation (Switzerland) or by independent funds (United Kingdom).

In Turkey, the pension plan replaces the national pension scheme and is measured based on the terms of transfer to the Turkish state. This plan is fully funded by financial assets held with an external foundation.

On 31 December 2012, Belgium, the United Kingdom, the United States, Switzerland and Turkey represented 91% of the total gross defined-benefit obligations outside France. The fair value of the related plan assets was split as follows: 59% bonds, 17% equities, 24% other financial instruments (including 11% in insurance contracts).

- Other post-employment benefits

Group employees also receive various other contractual post-employment benefits, such as indemnities payable on retirement. BNP Paribas' obligations for these benefits in France are funded through a contract held with a third-party insurer. In other countries, the gross obligations of the Group are mainly concentrated in Italy (80%), where pension reforms changed Italian termination indemnity schemes (TFR) into defined-contribution plans effective from 1 January 2007. Rights vested up to 31 December 2006 continue to be qualified as defined-benefit obligations.





- Post-employment healthcare plans

In France, BNP Paribas has no longer any obligation in relation to healthcare benefits for its retired employees. Several healthcare benefit plans for retired employees exist in other countries, mainly in the United States and Belgium.

- Obligations under defined benefit plans

- Assets and liabilities recognised on the balance sheet

| In millions of euros  | Post-employment benefits |                  | Post-employment healthcare benefits |                  |
|---|--------------------------|------------------|-------------------------------------|------------------|
|   | 31 December 2012         | 31 December 2011 | 31 December 2012                    | 31 December 2011 |
| <b>Present value of defined benefit obligation</b>                              | <b>8,662</b>             | <b>8,351</b>     | <b>147</b>                          | <b>121</b>       |
| Defined benefit obligation arising from wholly or partially funded plans        | 7,761                    | 7,517            | -                                   | -                |
| Defined benefit obligation arising from wholly unfunded plans                   | 901                      | 834              | 147                                 | 121              |
| <b>Fair value of plan assets</b>  | <b>(4,148)</b>           | <b>(3,798)</b>   | -                                   | -                |
| <b>Fair value of reimbursement rights <sup>(1)</sup></b>                        | <b>(2,639)</b>           | <b>(2,463)</b>   | -                                   | -                |
| <b>Cost not yet recognised in accordance with IAS 19</b>                        | <b>(546)</b>             | <b>(407)</b>     | <b>(24)</b>                         | <b>(5)</b>       |
| Prior service costs   | (153)                    | (164)            | -                                   | 1                |
| Net actuarial gains/(losses)  | (393)                    | (243)            | (24)                                | (6)              |
| <b>Effect of asset ceiling</b>  | <b>209</b>               | <b>91</b>        | -                                   | -                |
| <b>Net obligation recognised in the balance sheet for defined-benefit plans</b> | <b>1,538</b>             | <b>1,774</b>     | <b>123</b>                          | <b>116</b>       |
| Asset recognised in the balance sheet for defined-benefit plans                 | (2,796)                  | (2,624)          | -                                   | -                |
| <i>of which net assets of defined-benefit plans</i>                             | <i>(157)</i>             | <i>(161)</i>     | -                                   | -                |
| <i>of which fair value of reimbursement rights</i>                              | <i>(2,639)</i>           | <i>(2,463)</i>   | -                                   | -                |
| Obligation recognised in the balance sheet for defined-benefit plans            | 4,334                    | 4,398            | 123                                 | 116              |

(1) The reimbursement rights are principally found on the balance sheet of the Group's insurance subsidiaries notably AG Insurance with respect to BNP Paribas Fortis' defined-benefit plan to hedge its commitments to other Group entities that were transferred to them to cover the post-employment benefits of certain employee categories.

- Change in the present value of the defined benefit obligation

| In millions of euros  | Post-employment benefits |                      | Post-employment healthcare benefits |                      |
|---|--------------------------|----------------------|-------------------------------------|----------------------|
|   | Year to 31 Dec. 2012     | Year to 31 Dec. 2011 | Year to 31 Dec. 2012                | Year to 31 Dec. 2011 |
| <b>Present value of defined benefit obligation at start of period</b> | <b>8,351</b>             | <b>8,052</b>         | <b>121</b>                          | <b>114</b>           |
| Current service cost  | 311                      | 300                  | 3                                   | 3                    |
| Interest cost   | 310                      | 320                  | 5                                   | 5                    |
| Plan amendments   | (2)                      | (8)                  | 2                                   | 1                    |
| Curtailments or settlements   | (73)                     | (97)                 | -                                   | (1)                  |
| Actuarial (gains)/losses on obligation                                | 284                      | 210                  | 22                                  | 3                    |
| Actual employee contributions   | 30                       | 30                   | -                                   | -                    |
| Benefits paid directly by employer                                    | (130)                    | (145)                | (4)                                 | (5)                  |
| Benefits paid from assets/reimbursement rights                        | (380)                    | (297)                | -                                   | -                    |
| Exchange rate (gains)/losses on obligation                            | 31                       | 23                   | (1)                                 | 2                    |
| Consolidation variation (gains)/losses on obligation                  | (71)                     | (37)                 | -                                   | -                    |
| Others  | 1                        | -                    | (1)                                 | (1)                  |
| <b>Present value of defined benefit obligation at end of period</b>   | <b>8,662</b>             | <b>8,351</b>         | <b>147</b>                          | <b>121</b>           |



## - Change in the fair value of plan assets

| In millions of euros                                  | Post-employment benefits |                      |
|---|--------------------------|----------------------|
|   | Year to 31 Dec. 2012     | Year to 31 Dec. 2011 |
| <b>Fair value of plan assets at start of period</b>   | <b>3,798</b>             | <b>3,889</b>         |
| Expected return on plan assets                        | 179                      | 188                  |
| Settlements   | (19)                     | (55)                 |
| Actuarial gains/(losses) on plan assets               | 112                      | (49)                 |
| Actual employee contributions                         | 21                       | 21                   |
| Employer contributions                                | 292                      | 127                  |
| Benefits paid from plan assets                        | (211)                    | (138)                |
| Exchange rate gains/(losses) on plan assets           | 32                       | (31)                 |
| Consolidation variation gains/(losses) on plan assets | (53)                     | (155)                |
| Others  | (3)                      | 1                    |
| <b>Fair value of plan assets at end of period</b>     | <b>4,148</b>             | <b>3,798</b>         |

Healthcare benefit plans are not funded plans.

## - Change in the fair value of reimbursement rights

| In millions of euros   | Post-employment benefits |                      |
|--|--------------------------|----------------------|
|  | Year to 31 Dec. 2012     | Year to 31 Dec. 2011 |
| <b>Fair value of reimbursement rights at start of period</b>   | <b>2,463</b>             | <b>2,366</b>         |
| Expected return on reimbursement rights                        | 97                       | 92                   |
| Settlements  | -                        | -                    |
| Actuarial gains on reimbursement rights                        | 124                      | 1                    |
| Actual employee contributions                                  | 10                       | 9                    |
| Employer contributions   | 146                      | 111                  |
| Benefits paid from reimbursement rights                        | (169)                    | (159)                |
| Exchange rate gains/(losses) on reimbursement rights           | -                        | 3                    |
| Consolidation variation gains/(losses) on reimbursement rights | (32)                     | 41                   |
| Others   | -                        | (1)                  |
| <b>Fair value of reimbursement rights at end of period</b>     | <b>2,639</b>             | <b>2,463</b>         |

Healthcare benefit plans are not funded plans.

## - Components of the cost of defined-benefit plans

| In millions of euros                               | Post-employment benefits |                      | Post-employment healthcare benefits |                      |
|--|--------------------------|----------------------|-------------------------------------|----------------------|
|  | Year to 31 Dec. 2012     | Year to 31 Dec. 2011 | Year to 31 Dec. 2012                | Year to 31 Dec. 2011 |
| Current service cost                               | 311                      | 300                  | 3                                   | 3                    |
| Interest cost                                      | 310                      | 320                  | 5                                   | 5                    |
| Expected return on plan assets                     | (179)                    | (188)                | -                                   | -                    |
| Expected return on reimbursement rights            | (97)                     | (92)                 | -                                   | -                    |
| Amortization of actuarial (gains)/losses           | (86)                     | 62                   | 3                                   | -                    |
| Amortization of prior service costs                | 9                        | 5                    | 1                                   | -                    |
| (Losses)/gains on curtailments or settlements      | (65)                     | (39)                 | -                                   | (1)                  |
| Effect of asset ceiling                            | 135                      | (32)                 | -                                   | -                    |
| Others   | 1                        | (2)                  | -                                   | -                    |
| <b>Total expense recognised in profit and loss</b> | <b>339</b>               | <b>334</b>           | <b>12</b>                           | <b>7</b>             |



- Method used to measure obligations

Defined-benefit plans are valued by independent firms using actuarial techniques, applying the projected unit credit method, in order to determine the expense arising from rights vested by employees and benefits payable to retired employees. The demographic and financial assumptions used to estimate the present value of these obligations and of plan assets take into account economic conditions specific to each country and Group company.

Obligations under post-employment healthcare benefit plans are measured using the specific mortality tables applicable in each country and healthcare cost trend assumptions. These assumptions, which are derived from historical data, take into account expectations about healthcare benefit costs, including expected trend in the cost of healthcare benefits and expected inflation.

- Principal actuarial assumptions used to calculate post-employment benefit obligations (excluding post-employment healthcare benefits)

The Group discounts its obligations using the yields of high quality corporate bonds issued in the relevant currency zone, with a term consistent with the duration of the obligations. Until 31 December 2011, the Group used the sovereign bonds yields for the euro zone (iBoxx Eurozone index). In 2012, this index was higher than the AA rated corporate bonds yields, prompting the Group to adopt the generally used AA rated corporate bonds benchmark (iBoxx Euro index). The change of benchmark led to an increase of EUR 238 million in the Group obligations, with no impact on the financial statements at 31 December 2012, given the mechanism for deferred recognition of actuarial gains and losses described below.

The rates used are as follows:

| In %   | 31 December 2012 |                        |             |       | 31 December 2011 |                        |             |       |
|--|------------------|------------------------|-------------|-------|------------------|------------------------|-------------|-------|
|  | France           | Euro zone excl. France | UK          | USA   | France           | Euro zone excl. France | UK          | USA   |
| Discount rate                                | 1.42%-2.69%      | 2.03%-2.69%            | 4.00%       | 3.90% | 3.14%-4.64%      | 3.30%-4.70%            | 3.50%       | 4.50% |
| Rate of compensation increase <sup>(1)</sup> | 2.60%-3.60%      | 2.00%-3.90%            | 2.00%-4.25% | 4.00% | 3.00%-4.50%      | 2.00%-4.65%            | 2.00%-4.50% | 4.00% |

<sup>(1)</sup> Including price increases (inflation)

- Actual rate of return on plan assets and reimbursement rights over the period

The expected return on plan assets is determined by weighting the expected return on each asset class by its respective contribution to the fair value of total plan assets.

| In %   | Year to 31 Dec. 2012 |                        |              |              | Year to 31 Dec. 2011 |                        |             |             |
|--|----------------------|------------------------|--------------|--------------|----------------------|------------------------|-------------|-------------|
|  | France               | Euro zone excl. France | UK           | USA          | France               | Euro zone excl. France | UK          | USA         |
| Expected return on plan assets and reimbursement rights <sup>(1)</sup> | 3.55%                | 2.27%-3.92%            | 3.40%-6.10%  | 3.00%-6.00%  | 3.90%                | 3.25%-4.70%            | 3.00%-6.20% | 4.50%-6.00% |
| Actual return on plan assets and reimbursement rights <sup>(1)</sup>   | 3.70%                | 2.00%-19.00%           | 4.78%-10.00% | 8.00%-14.00% | 3.68%                | 1.00%-6.40%            | 2.80%-7.40% | 1.00%-5.00% |

<sup>(1)</sup> Range of values, reflecting the existence of several plans within a single country or geographical or monetary zone.

- Actuarial gains and losses

Actuarial gains and losses reflect increases or decreases in the present value of a defined benefit obligation or in the fair value of the corresponding plan assets. Actuarial gains and losses resulting from the change in the present value of a defined benefit plan obligation are the cumulative effect of experience adjustments (differences between previous actuarial assumptions and actual occurrences) and the effects of changing actuarial assumptions.



BNP Paribas applies the “corridor” approach permitted in IAS 19, which specifies that recognition of actuarial gains and losses is deferred when they do not exceed 10% of the greater of the i) obligation and ii) value of the plan assets. The “corridor” is calculated separately for each defined-benefit plan. Where this limit is breached, the exceeding portion of cumulative actuarial gains and losses is amortised in the profit and loss account over the remaining life of the plan.

The following table shows the actuarial gains and losses:

| In millions of euros  | Post-employment benefits |                  |
|---|--------------------------|------------------|
|   | 31 December 2012         | 31 December 2011 |
| Cumulative unrecognised actuarial losses                                      | (393)                    | (243)            |
| Net actuarial losses generated over the period                                | (48)                     | (258)            |
| of which actuarial (losses)/gains on plan assets or reimbursement rights      | 236                      | (51)             |
| of which actuarial losses from changes in actuarial assumptions on obligation | (393)                    | (275)            |
| of which experience gains on obligation                                       | 109                      | 68               |

## 7.c OTHER LONG-TERM BENEFITS

BNP Paribas offers its employees various long-term benefits, mainly long-service awards, the ability to save up paid annual leave in time savings accounts, and certain guarantees protecting them in the event they become incapacitated.

As part of the Group’s variable compensation policy, annual deferred compensation plans are set up for certain high-performing employees or pursuant to special regulatory frameworks. Under these plans, payment is deferred over time and is subject to the performance achieved by the business lines, divisions and Group.

| In millions of euros  | 31 December 2012 | 31 December 2011 |
|---|------------------|------------------|
| Net provisions for the long-term benefits                                     | 956              | 864              |
| Asset recognised in the balance sheet under the other long-term benefits      | (102)            | (108)            |
| Obligation recognised in the balance sheet under the other long-term benefits | 1,058            | 972              |

## 7.d TERMINATION BENEFITS

BNP Paribas has implemented a number of voluntary redundancy plans and headcount adaptation plan for employees who meet certain eligibility criteria. The obligations to eligible active employees under such plans are provided for where the plan is the subject of a bilateral agreement or a draft bilateral agreement.

| In millions of euros   | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| Provision for voluntary departure, early retirement plans, and headcount adaptation plan | 470              | 533              |



## 7.e SHARE-BASED PAYMENTS

### SHARE-BASED LOYALTY, COMPENSATION AND INCENTIVE SCHEMES

BNP Paribas has set up several share-based payment schemes for certain employees:

- a Global Share-Based Incentive Plan including :
  - o performance shares plans
  - o stock subscription or purchase option plans
- deferred share price-linked, cash-settled long term compensation plans, mainly for employees whose activities are likely to have an impact on the Group's risk exposure.
- Global Share-Based Incentive Plan

Until 2005, various stock option plans were granted to Group employees by BNP Paribas and BNL, under successive authorisations given by Shareholders' Meetings.

In 2006, BNP Paribas set up a Global Share-Based Incentive Plan for some Group employees, including stock options and performance share awards.

The aim of the Plan was to actively involve various categories of managers in creating value for the Group, and thereby encouraging the convergence of their interests with those of the Group's shareholders. The managers selected for these plans represent the Group's best talent, including the next generation of leaders: senior managers, managers in key positions, line managers and technical experts, high-potential managers, high-performing young managers with good career development prospects, and major contributors to the Group's results.

The option exercise price under these plans is determined at the time of issuance and no discount is offered. Since the 2005 plan, the life of the options granted has been reduced to 8 years.

Until 2008, the vesting period for performance share plans was 2 or 4 years depending on the case. Performance shares awarded since 2009 vest after a period of 3 or 4 years, depending on the case and provided the employee is still a member of the Group. The compulsory holding period for performance shares is two years for French employees.

Since 2010, the conditional portion granted is set at 100% of the total award for members of the BNP Paribas Group Executive Committee and senior managers and 20% for other beneficiaries.

The performance condition for the contingent portion of performance shares awarded up to 2011 is based on earnings per share.

In 2012, only performance shares were awarded. The performance condition has been revised and is now similar to the one used in the past for stock option plans, in other words, performance of the BNP Paribas share relative to the Dow Jones Euro Stoxx Bank index.

Under stock option plans set up between 2003 and 2011, the performance condition was not fully met on six of twenty-seven occasions and the adjustments described above were therefore implemented. Under performance share plans awarded since 2009, the performance condition was not met on one of seven occasions and the relevant contingent portion therefore lapsed.

All unexpired plans settle in subscription or purchase of BNP Paribas shares.



- Deferred share price-linked, cash-settled compensation plans

As part of the Group's variable remuneration policy, deferred annual compensation plans offered to certain high-performing employees or set up pursuant to special regulatory frameworks may entitle beneficiaries to variable compensation settled in cash but linked to the share price, payable over several years.

- As of 2009, variable compensation for employees, subject to special regulatory frameworks.

Since the publication of the Decree by the French ministry of finance on 13 December 2010, the variable compensation plan applies to Group employees performing activities that may have a material impact on the Group's risk profile. The scope of application was more restricted in 2009, as it primarily concerned trading staff.

Under these plans, payment is deferred over time and is contingent on the performance achieved by the business lines, core businesses and Group.

Sums are paid mostly in cash and are linked to the increase or decrease in the BNP Paribas share price. In addition, since 2011, in accordance with the Decree of 13 December 2010, some of the variable compensation granted over the year in respect of the performance of the previous year will also be indexed to the BNP Paribas share price and paid to beneficiaries during the year of attribution.

- Deferred variable compensation for other Group employees

Sums due under the annual deferred compensation plans for high-performing employees are paid all or part in cash and are linked to the increase or decrease in the BNP Paribas share price.

- Expense of share-based payment

| Expense in millions of euros            | Year to 31 Dec. 2012                         |                   |                                      |               | Year to 31 Dec. 2011 |
|---|--|-------------------|--------------------------------------|---------------|----------------------|
|   | Stock subscription and purchase option plans | Share award plans | Variable deferred compensation plans | Total expense | Total expense        |
| Prior deferred compensation plans       | -  | -                 | 160                                  | 160           | (285)                |
| Deferred compensation plan for the year | -  | -                 | 294                                  | 294           | 287                  |
| Global Share-Based Incentive Plan       | 27   | 45                | -                                    | 72            | 69                   |
| <b>Total</b>                            | <b>27</b>                                    | <b>45</b>         | <b>454</b>                           | <b>526</b>    | <b>71</b>            |

- Valuation of stock option and performance shares plans

As required under IFRS 2, BNP Paribas attributes a value to stock options and performance shares granted to employees and recognises an expense, determined at the date of grant, calculated respectively on the basis of the fair value of the options and shares concerned. This initial fair value may not subsequently be adjusted for changes in the quoted market price of BNP Paribas shares. The only assumptions that may result in a revision to fair value during the vesting period, and hence an adjustment in the expense, are those related to the population of grantees (loss of rights) and internal performance conditions. The Group's share-based payment plans are valued by an independent specialist firm.



- Measurement of stock subscription options

Binomial or trinomial tree algorithms are used to build in the possibility of non-optimal exercise of options from the vesting date. The Monte-Carlo method is also used to price in the characteristics of certain secondary grants linking options to the performance of the BNP Paribas share relative to a sector index.

The implied volatility used in measuring stock option plans is estimated on the basis of a range of ratings prepared by various dealing rooms. The level of volatility used by the Group takes account of historical volatility trends for the benchmark index and BNP Paribas shares over a 10-year period.

Stock subscription options granted in 2011 were valued at between EUR 11.03 and EUR 12.13 depending on whether or not they are subject to performance conditions according to the various secondary award tranches.

No stock subscription options were granted in 2012.

|   | Year to 31 Dec.<br>2011         |
|---|---------------------------------|
|   | Plan granted on<br>4 March 2011 |
| BNP Paribas share price on the grant date ( <i>in euros</i> ) | 54.49                           |
| Option exercise price ( <i>in euros</i> )                     | 56.45                           |
| Implied volatility of BNP Paribas shares                      | 28.5%                           |
| Expected option holding period                                | 8 years                         |
| Expected dividend on BNP Paribas shares <sup>(1)</sup>        | 4.1%                            |
| Risk-free interest rate                                       | 3.5%                            |
| Expected proportion of options that will be forfeited         | 1.3%                            |

<sup>(1)</sup> The dividend yield indicated above is the average of a series of estimated annual dividends.

- Measurement of performance shares

The unit value used to measure performance shares is the value at the end of the holding period plus dividends paid since the vesting date, discounted at the grant date.

The performance shares awarded in 2012, depending on whether or not they are subject to a performance condition, were valued at between EUR 28.47 and 33.45 for employees in France and between EUR 27.46 and 32.36 for employees outside France. The performance shares awarded in 2011 were valued at EUR 47.84 for employees in France and EUR 45.95 for employees outside France.

|   | Year to 31 Dec. 2012         |                        | Year to 31 Dec. 2011         |                        |
|---|------------------------------|------------------------|------------------------------|------------------------|
|   | Plan granted on 6 March 2012 |                        | Plan granted on 4 March 2011 |                        |
|   | Vested on 9 March 2015       | Vested on 7 March 2016 | Vested on 4 March 2014       | Vested on 4 March 2015 |
| BNP Paribas share price on the grant date ( <i>in euros</i> ) | 37.195                       | 37.195                 | 54.49                        | 54.49                  |
| Date of availability  | 09/03/2017                   | 07/03/2016             | 04/03/2016                   | 04/03/2015             |
| Expected dividend on BNP Paribas shares <sup>(1)</sup>        | 3.23%                        | 3.23%                  | 4.10%                        | 4.10%                  |
| Risk-free interest rate                                       | 1.53%                        | 1.33%                  | 2.99%                        | 2.81%                  |
| Expected proportion of options that will be forfeited         | 2.00%                        | 2.00%                  | 2.00%                        | 2.00%                  |

<sup>(1)</sup> The dividend yield indicated above is the average of a series of estimated annual dividends.



- History of plans granted under the Global Share-Based Incentive Plan

The tables below give details of the characteristics and terms of all unexpired plans at 31 December 2012:

- Stock subscription option plans

| Characteristics of the plan                       |               |                    |                           |                               |                    |  | Options outstanding at end of period |  |
|---|---------------|--------------------|---------------------------|-------------------------------|--------------------|--|--------------------------------------|--|
| Originating company                               | Date of grant | Number of grantees | Number of options granted | Start date of exercise period | Option expiry date | Adjusted exercise price (in euros) (1) | Number of options (1)                | Remaining period until expiry of options (years) |
| BNL <sup>(3)</sup>                                | 20/10/2000    | 161                | 504,926                   | 20/10/2003                    | 20/10/2013         | 100.997                                | 435,166                              | 0.8  |
| BNL <sup>(3)</sup>                                | 26/10/2001    | 223                | 573,250                   | 26/10/2004                    | 26/10/2014         | 61.888                                 | 4,856                                | 1.8  |
| BNP Paribas SA <sup>(2)</sup>                     | 21/03/2003    | 1,302              | 6,693,000                 | 21/03/2007                    | 20/03/2013         | 35.87                                  | 2,077,347                            | 0.2  |
| BNP Paribas SA <sup>(2)</sup>                     | 24/03/2004    | 1,458              | 1,779,850                 | 24/03/2008                    | 21/03/2014         | 48.15                                  | 1,252,760                            | 1.2  |
| BNP Paribas SA <sup>(2)</sup>                     | 25/03/2005    | 2,380              | 4,332,550                 | 25/03/2009                    | 22/03/2013         | 53.28                                  | 3,932,248                            | 0.2  |
| BNP Paribas SA <sup>(2)</sup>                     | 05/04/2006    | 2,583              | 3,894,770                 | 06/04/2010                    | 04/04/2014         | 73.40                                  | 3,483,945                            | 1.3  |
| BNP Paribas SA <sup>(2)</sup>                     | 08/03/2007    | 2,023              | 3,630,165                 | 08/03/2011                    | 06/03/2015         | 80.66                                  | 3,315,460                            | 2.2  |
| BNP Paribas SA <sup>(2)</sup>                     | 06/04/2007    | 219                | 405,680                   | 06/04/2011                    | 03/04/2015         | 76.57                                  | 371,008                              | 2.3  |
| BNP Paribas SA <sup>(2)</sup>                     | 18/04/2008    | 2,402              | 3,985,590                 | 18/04/2012                    | 15/04/2016         | 64.47                                  | 3,732,876                            | 3.3  |
| BNP Paribas SA <sup>(2)</sup>                     | 06/04/2009    | 1,397              | 2,376,600                 | 08/04/2013                    | 05/04/2017         | 35.11                                  | 2,282,515                            | 4.3  |
| BNP Paribas SA <sup>(2)</sup>                     | 05/03/2010    | 1,820              | 2,423,700                 | 05/03/2014                    | 02/03/2018         | 51.20                                  | 2,323,340                            | 5.2  |
| BNP Paribas SA <sup>(2)</sup>                     | 04/03/2011    | 1,915              | 2,296,820                 | 04/03/2015                    | 04/03/2019         | 56.45                                  | 2,246,700                            | 6.2  |
| <b>Total options outstanding at end of period</b> |               |                    |                           |                               |                    |  | <b>25,458,221</b>                    |  |

(1) The number of options and the exercise price have been adjusted, where appropriate, for the two-for-one BNP Paribas share split that took place on 20 February 2002, and the detachment of pre-emptive subscription rights on 7 March 2006 and 30 September 2009, in accordance with the regulations in force.

(2) The plan is subject to vesting conditions under which a proportion of the options granted to employees is conditional upon the performance of the BNP Paribas share relative to the Dow Jones Euro Stoxx Bank index during the applicable holding period.

Based on this relative performance condition, the adjusted exercise price for these options has been set at:

- EUR 37.67 for 274,161 options under the 21 March 2003 plan, outstanding at the year-end
- EUR 50.55 for 3,080 options under the 24 March 2004 plan, outstanding at the year-end
- EUR 55.99 for 169,863 options under the 25 March 2005 plan, outstanding at the year-end
- EUR 77.06 for 155,263 options under the 5 April 2006 plan, outstanding at the year-end

(3) 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.





- Performance share plans

| Characteristics of the plan                      |               |                    |                          |                               |  | Number of share outstanding at end of period <sup>(2)</sup> |
|--|---------------|--------------------|--------------------------|-------------------------------|--|---|
| 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 <sup>(1)</sup>                    | 2007-2008     |                    |                          |                               |  | 401   |
| BNP Paribas SA <sup>(1)</sup>                    | 06/04/2009    | 2,247              | 359,930                  | 10/04/2012                    | 10/04/2014                                       | 2,221   |
| BNP Paribas SA                                   | 06/04/2009    | 1,686              | 278,325                  | 08/04/2013                    | 08/04/2013                                       | 263,494   |
| BNP Paribas SA                                   | 05/03/2010    | 2,536              | 510,445                  | 05/03/2013                    | 05/03/2015                                       | 493,495   |
| BNP Paribas SA                                   | 05/03/2010    | 2,661              | 487,570                  | 05/03/2014                    | 05/03/2014                                       | 465,760   |
| BNP Paribas SA                                   | 04/03/2011    | 2,574              | 541,415                  | 04/03/2014                    | 04/03/2016                                       | 531,005   |
| BNP Paribas SA                                   | 04/03/2011    | 2,743              | 499,035                  | 04/03/2015                    | 04/03/2015                                       | 489,900   |
| BNP Paribas SA                                   | 06/03/2012    | 2,610              | 1,072,480                | 09/03/2015                    | 09/03/2017                                       | 1,057,295   |
| BNP Paribas SA                                   | 06/03/2012    | 2,755              | 849,455                  | 07/03/2016                    | 07/03/2016                                       | 823,490   |
| <b>Total shares outstanding at end of period</b> |               |                    |                          |                               |  | <b>4,127,061</b>  |

(1) The vesting date for certain shares has been deferred due to the beneficiaries' absence on the date initially scheduled.

(2) The number of shares has been adjusted for the pre-emptive subscription rights detached on 30 September 2009.

- Movements over the past two years

- Stock subscription option plans

|                                     | Year to 31 Dec. 2012 |  | Year to 31 Dec. 2011 |  |
|-------------------------------------|----------------------|--|----------------------|--|
|                                     | Number of options    | Weighted average exercise price (in euros) | Number of options    | Weighted average exercise price (in euros) |
| Options outstanding at 1 January    | 27,509,625           | 58.67                                      | 28,752,600           | 58.05                                      |
| Options granted during the period   | -                    | -  | 2,296,820            | 56.45                                      |
| Options exercised during the period | (581,181)            | 36.07                                      | (2,770,177)          | 46.17                                      |
| Options expired during the period   | (1,470,223)          |  | (769,618)            |  |
| Options outstanding at 31 December  | 25,458,221           | 59.24                                      | 27,509,625           | 58.67                                      |
| Options exercisable at 31 December  | 18,605,666           | 63.55                                      | 16,722,292           | 61.99                                      |

The average quoted stock market price for the option exercise period in 2012 was EUR 41.99 (EUR 54.84 in 2011).

- Performance share plans

|                                   | Year to 31 Dec. 2012 | Year to 31 Dec. 2011 |
|-----------------------------------|----------------------|----------------------|
|                                   | Number of shares     | Number of shares     |
| Shares outstanding at 1 January   | 2,633,568            | 1,637,867            |
| Shares granted during the period  | 1,921,935            | 1,040,450.00         |
| Shares vested during the period   | (351,808)            | (2,392.00)           |
| Shares expired during the period  | (76,634)             | (42,357.00)          |
| Shares outstanding at 31 December | 4,127,061            | 2,633,568            |



## SHARES SUBSCRIBED OR PURCHASED BY EMPLOYEES UNDER THE COMPANY SAVINGS PLAN

|  | Year to 31 Dec. 2012 | Year to 31 Dec. 2011 |
|--|----------------------|----------------------|
| Date of plan announcement  | 3 May 2012           | 11 May 2011          |
| Quoted price of BNP Paribas shares at date of plan announcement (in euros) | 30.15                | 54.23                |
| Number of shares issued  | 4,289,709            | 6,315,653            |
| Subscription price (in euros)  | 25.00                | 42.40                |
| Five-year risk-free interest rate  | 1.67%                | 2.76%                |
| Five-year borrowing rate   | 7.52%                | 7.63%                |
| Fair value-based cost of the mandatory holding period                      | 29.00%               | 25.14%               |

In 2012 as in 2011, the discount granted to employees subscribing shares under the Company Savings Plan was less than the value of the five-year mandatory holding period applicable to the shares purchased and the Group did not recognise an expense in this respect.

Of the total number of BNP Paribas Group employees who were offered the opportunity of buying shares under the Plan in 2012, 27% accepted the offer and 73% turned it down.



## 8. ADDITIONAL INFORMATION

### 8.a CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

- Resolutions of the Shareholders' General Meeting valid for 2012

The following authorisations to increase or reduce the share capital have been granted to the Board of Directors under resolutions voted in Shareholders' General Meetings and were valid during 2012:

| Resolutions adopted at Shareholders' General Meetings          |  | Use of authorisation in 2012   |
|--|--|--|
| Shareholders' General Meeting of 12 May 2010 (19th resolution) | <p>Authorisation granted to the Board of Directors to carry out transactions reserved for members of the BNP Paribas Group's Corporate Savings Plan in the form of new share issues and/or sales of reserved shares.</p> <p><i>Authorisation was given to increase the share capital within the limit of a maximum par value of EUR 46 million on one or more occasions by issuing ordinary shares, with waiving of pre-emptive rights for existing shareholders, reserved for members of the BNP Paribas Group Corporate Savings Plan.</i></p> <p><i>This authorisation was granted for a period of 26 months and was nullified by the 20<sup>th</sup> resolution of the Shareholders' General Meeting of 23 May 2012.</i></p>  | 4,289,709 new shares with a par value of EUR 2 issued on 29 June 2012  |
| Shareholders' General Meeting of 11 May 2011 (5th resolution)  | <p>Authorisation given to the Board of Directors to set up a share buyback programme for the Company until it holds at most 10% of the shares forming the share capital.</p> <p><i>Said acquisitions of shares at a price not exceeding EUR 75 would be intended to fulfil several objectives, notably including:</i></p> <ul style="list-style-type: none"> <li><i>- honouring obligations arising from the issue of share equivalents, stock option programmes, the award of free shares, the award or sale of shares to employees in connection with the employee profit-sharing scheme, employee share ownership plans or corporate savings plans;</i></li> <li><i>- cancelling shares following authorisation by the Shareholders' General Meeting of 11 May 2011.</i></li> <li><i>- covering any allocation of shares to the employees and corporate officers of BNP Paribas and companies exclusively controlled by BNP Paribas within the meaning of Article L. 233-16 of the French Commercial Code,</i></li> <li><i>- for retention or remittance in exchange or payment for external growth transactions, mergers, spin-offs or asset contributions,</i></li> <li><i>- in connection with a market-making agreement complying with the Code of Ethics recognised by the Autorité des Marchés Financiers,</i></li> <li><i>- for asset and financial management purposes.</i></li> </ul> <p><i>This authorisation was granted for a period of 18 months and was nullified by the 5<sup>th</sup> resolution of the Shareholders' General Meeting of 23 May 2012.</i></p> | Under the market-making agreement, 586,934 shares with a par value of EUR 2 were acquired and 577,489 shares with a par value of EUR 2 were sold between 1 January and 23 May 2012 |
| Shareholders' General Meeting of 11 May 2011 (15th resolution) | <p>Authorisation to allot performance shares to the Group's employees and corporate officers</p> <p><i>The shares awarded may be existing shares or new shares to be issued and may not exceed 1.5% of BNP Paribas' share capital, i.e. less than 0.5% a year.</i></p> <p><i>This authorisation was granted for a period of 38 months.</i></p>   | 1,921,935 performance shares granted at the Board meeting of 6 March 2012  |



|  |   |  |
|--|---|--|
| Shareholders' General Meeting of 11 May 2011 (16th 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 of BNP Paribas, i.e. less than 1% a year. This is a blanket limit covering both the 15th and 16th resolutions of the Shareholders' General Meeting of 11 May 2011. This authorisation was granted for a period of 38 months.</i></p>  | This authorisation was not used during the period  |
| Shareholders' General Meeting of 23 May 2012 (3rd resolution)  | <p>Decision to propose to shareholders a dividend payable in cash or in new shares.</p> <p><i>Payment of the dividend in new shares had the effect of increasing the share capital by EUR 83,358,352 or 41,679,176 shares. This operation generated an additional paid-in capital of EUR 941,115,794.08.</i></p>  | 41,679,176 new shares with a par value of EUR 2 issued on 26 June 2012   |
| Shareholders' General Meeting of 23 May 2012 (5th resolution)  | <p>Authorisation given to the Board of Directors to set up a share buyback programme for the Company until it holds at most 10% of the shares forming the share capital.</p> <p><i>Said acquisitions of shares at a price not exceeding EUR 60 per share (EUR 75 previously) would be intended to fulfil several objectives, notably including:</i></p> <ul style="list-style-type: none"> <li>- <i>honouring obligations arising from the issue of share equivalents, stock option programmes, the award of free shares, the award or sale of shares to employees in connection with the employee profit-sharing scheme, employee share ownership plans or corporate savings plans;</i></li> <li>- <i>cancelling shares following authorisation by the Shareholders' General Meeting of 23 May 2012 (21st resolution);</i></li> <li>- <i>covering any allocation of shares to the employees and corporate officers of BNP Paribas and companies exclusively controlled by BNP Paribas within the meaning of Article L. 233-16 of the French Commercial Code,</i></li> <li>- <i>for retention or remittance in exchange or payment for external growth transactions, mergers, spin-offs or asset contributions,</i></li> <li>- <i>in connection with a market-making agreement complying with the Code of Ethics of the Autorité des Marchés Financiers,</i></li> <li>- <i>for asset and financial management purposes.</i></li> </ul> <p><i>This authorisation was granted for a period of 18 months and replaces that given by the 5<sup>th</sup> resolution of the Shareholders' General Meeting of 11 May 2011.</i></p> | Under the market-making agreement, 1,156,315 shares with a par value of EUR 2 were acquired and 1,245,515 shares with a par value of EUR 2 were sold between 24 May and 31 December 2012 |
| Shareholders' General Meeting of 23 May 2012 (13th resolution) | <p>Authorisation to issue ordinary shares and share equivalents and securities granting entitlement to debt instruments, with pre-emptive rights for existing shareholders maintained.</p> <p><i>The par value of the capital increases that may be carried out immediately and/or in the future by virtue of this authorisation may not exceed EUR 1 billion (representing 500 million shares)</i></p> <p><i>The par value of any debt instruments 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 and replaces that given by the 12th resolution of the Shareholders' General Meeting of 12 May 2010.</i></p>  | This authorisation was not used during the period  |
| Shareholders' General Meeting of 23 May 2012 (14th resolution) | <p>Authorisation to issue ordinary shares and share equivalents and securities granting entitlement to debt instruments, with pre-emptive rights for existing shareholders waived, and a priority subscription period granted.</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 and replaces that given by the 13th resolution of the Shareholders' General Meeting of 12 May 2010.</i></p>   | This authorisation was not used during the period  |
| Shareholders' General Meeting of 23 May 2012 (15th resolution) | <p>Authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders waived, in consideration for securities tendered to public exchange offer.</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 350 million (representing 175 million shares).</i></p> <p><i>This authorisation was granted for a period of 26 months and replaces that given by the 14th resolution of the Shareholders' General Meeting of 12 May 2010.</i></p>  | This authorisation was not used during the period  |



|  |   |   |
|--|---|---|
| Shareholders' General Meeting of 23 May 2012 (16th resolution) | <p>Authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders waived, in consideration for securities tendered to contribution of shares up to a maximum of 10% of the capital.</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 forming the issued capital of BNP Paribas on the date of the decision by the Board of Directors.</i></p> <p><i>This authorisation was granted for a period of 26 months and replaces that given by the 15th resolution of the Shareholders' General Meeting of 12 May 2010.</i></p>  | This authorisation was not used during the period                               |
| Shareholders' General Meeting of 23 May 2012 (17th resolution) | <p>Blanket limit on authorisations to issue shares without pre-emptive rights for existing shareholders.</p> <p><i>The maximum par value of all issues made without pre-emptive rights for existing shareholders carried out immediately and/or in the future by virtue of the authorisations granted under the 14th to 16th resolutions of the present Shareholders' General Meeting may not exceed EUR 350 million for shares and EUR 7 billion for debt instruments.</i></p>   | Not applicable  |
| Shareholders' General Meeting of 23 May 2012 (18th resolution) | <p>Issue of shares to be paid up by capitalising income, retained earnings or additional paid-in capital.</p> <p><i>Authorisation was given to increase the issued capital within the limit of a maximum par value of EUR 1 billion on one or more occasions, by capitalising all or part of the retained earnings, profits or additional paid-in capital, successively or simultaneously, through the issuance and award of free ordinary shares, through an increase in the par value of existing shares, or through a combination of these two methods.</i></p> <p><i>This authorisation was granted for a period of 26 months and replaces that given by the 17th resolution of the Shareholders' General Meeting of 12 May 2010.</i></p>   | This authorisation was not used during the period                               |
| Shareholders' General Meeting of 23 May 2012 (19th resolution) | <p>Blanket limit on authorisations to issue shares with or without pre-emptive rights for existing shareholders.</p> <p><i>The maximum par value of all issues made with or without pre-emptive rights for existing shareholders by virtue of the authorisations granted under the 13th to 16th resolutions of the present Shareholders' General Meeting may not exceed EUR 1 billion for shares issued immediately and/or in the future and EUR 10 billion for debt instruments.</i></p>   | Not applicable  |
| Shareholders' General Meeting of 23 May 2012 (20th resolution) | <p>Authorisation granted to the Board of Directors to carry out transactions reserved for members of the BNP Paribas Group's Corporate Savings Plan in the form of new share issues and/or sales of reserved shares.</p> <p><i>Authorisation was given to increase the share capital within the limit of a maximum par value of EUR 46 million on one or more occasions by issuing ordinary shares, with pre-emptive rights for existing shareholders waived, reserved for members of the BNP Paribas Group's Corporate Savings Plan.</i></p> <p><i>This authorisation was granted for a period of 26 months and replaces that given by the 19th resolution of the Shareholders' General Meeting of 12 May 2010.</i></p>  | This authorisation was not used during the period                               |
| Shareholders' General Meeting of 23 May 2012 (21st resolution) | <p>Authorisation granted to the Board of Directors to reduce the share capital by cancelling shares.</p> <p><i>Authorisation was given to cancel, on one or more occasions, through a reduction in the share capital, all or some of the shares that BNP Paribas holds and that it may come to hold, provided that the number of shares cancelled in any 24-month period does not exceed 10% of the total number of shares at the operation date.</i></p> <p><i>Full powers were delegated to complete the capital reduction and deduct the difference between the purchase cost of the cancelled shares and their par value from additional paid-in capital and reserves available for distribution, including from the legal reserve in respect of up to 10% of the capital cancelled.</i></p> <p><i>This authorisation was granted for a period of 18 months and replaces that given by the 17th resolution of the Shareholders' General Meeting of 11 May 2011.</i></p> | 12,034,091 shares with a par value of EUR 2 were cancelled on 14 December 2012. |


**Share capital transactions**

| Operations affecting share capital                                    | Number of shares     | Par value (in euros) | In euros             | Date of authorisation by Shareholders' Meeting | Date of decision by Board of Directors | Date from which shares carry dividend rights |
|---|----------------------|----------------------|----------------------|--|--|--|
| <b>Number of shares outstanding at 31 December 2010</b>               | <b>1,198,660,156</b> | <b>2</b>             | <b>2,397,320,312</b> |  |  |  |
| Increase in ordinary shares by exercise of stock subscription options | 2,736,124            | 2                    | 5,472,248            | (1)  | (1)                                    | 1 January 2010                               |
| Increase in ordinary shares by exercise of stock subscription options | 34,053               | 2                    | 68,106               | (1)  | (1)                                    | 1 January 2011                               |
| Capital increase reserved for members of the Company Savings Plan     | 6,315,653            | 2                    | 12,631,306           | 12 May 2010                                    | 11 May 2011                            | 1 January 2011                               |
| <b>Number of shares outstanding at 31 December 2011</b>               | <b>1,207,745,986</b> | <b>2</b>             | <b>2,415,491,972</b> |  |  |  |
| Increase in ordinary shares by exercise of stock subscription options | 12,694               | 2                    | 25,388               | (1)  | (1)                                    | 1 January 2011                               |
| Increase in ordinary shares by exercise of stock subscription options | 568,487              | 2                    | 1,136,974            | (1)  | (1)                                    | 1 January 2012                               |
| Capital increase arising from the payment of a stock dividend         | 41,679,176           | 2                    | 83,358,352           | 23 May 2012                                    | 23 May 2012                            | 1 January 2012                               |
| Capital increase reserved for members of the Company Savings Plan     | 4,289,709            | 2                    | 8,579,418            | 12 May 2010                                    | 3 May 2012                             | 1 January 2012                               |
| Capital decrease  | (12,034,091)         | 2                    | (24,068,182)         | 23 May 2012                                    | 14 December 2012                       | -  |
| <b>Number of shares outstanding at 31 December 2012</b>               | <b>1,242,261,961</b> | <b>2</b>             | <b>2,484,523,922</b> |  |  |  |

(1) Various resolutions voted in the Shareholders' General Meetings and decisions of the Board of Directors authorising the granting of stock subscription options that were exercised during the period.

**Shares issued by BNP Paribas and held by the Group**

|  | Proprietary transactions |  | Trading transactions (1) |  | Total              |  |
|--|--------------------------|--|--------------------------|--|--------------------|--|
|  | Number of shares         | Carrying amount (in millions of euros) | Number of shares         | Carrying amount (in millions of euros) | Number of shares   | Carrying amount (in millions of euros) |
| <b>Shares held at 31 December 2010</b> | <b>2,914,178</b>         | <b>162</b>                             | <b>(4,499,794)</b>       | <b>(214)</b>                           | <b>(1,585,616)</b> | <b>(52)</b>                            |
| Acquisitions                           | 17,294,952               | 614                                    |                          |  | 17,294,952         | 614                                    |
| Disposals                              | (2,530,370)              | (127)                                  |                          |  | (2,530,370)        | (127)                                  |
| Shares delivered to employees          | (13,464)                 | (1)                                    |                          |  | (13,464)           | (1)                                    |
| Other movements                        | (1,700,548)              | (89)                                   | (1,580,236)              | 30                                     | (3,280,784)        | (59)                                   |
| <b>Shares held at 31 December 2011</b> | <b>15,964,748</b>        | <b>559</b>                             | <b>(6,080,030)</b>       | <b>(184)</b>                           | <b>9,884,718</b>   | <b>375</b>                             |
| Acquisitions                           | 1,743,249                | 58                                     |                          |  | 1,743,249          | 58                                     |
| Disposals                              | (1,823,004)              | (59)                                   |                          |  | (1,823,004)        | (59)                                   |
| Shares delivered to employees          | (352,306)                | (15)                                   |                          |  | (352,306)          | (15)                                   |
| Capital decrease                       | (12,034,091)             | (378)                                  |                          |  | (12,034,091)       | (378)                                  |
| Other movements                        | (920)                    |  | 4,714,581                | 126                                    | 4,713,661          | 126                                    |
| <b>Shares held at 31 December 2012</b> | <b>3,497,676</b>         | <b>165</b>                             | <b>(1,365,449)</b>       | <b>(58)</b>                            | <b>2,132,227</b>   | <b>107</b>                             |

(1) Short selling in the framework of an activity of trading and arbitrage transactions on equity indices.

At 31 December 2012, the BNP Paribas group was a net buyer of 2,132,227 BNP Paribas shares representing an amount of EUR 107 million, which was recognised as a reduction in equity.

During 2011, BNP Paribas SA acquired on the market, outside the market-making agreement, 12,034,091 shares at an average price of EUR 31.39 with the intention of cancelling these shares. They have been cancelled following the decision of the Board of Directors made on 14 December 2012.

Under the Bank's market-making agreement with BNP Paribas share in the Italian market, and in line with the Code of Ethics recognised by the AMF, BNP Paribas SA bought back 1,743,249 shares during 2012 at an average share price of EUR 33.36, and sold 1,823,004 treasury shares at an average share price of EUR 33.70. At 31 December 2012, 149,832 shares worth EUR 6.3 million were held by BNP Paribas under this agreement.

From 1 January to 31 December 2012, 351,808 BNP Paribas shares were delivered following the definitive award of free shares to their beneficiaries.



• **Preferred shares and Undated Super Subordinated Notes (TSSDI) eligible as Tier 1 regulatory capital**

- Preferred shares issued by the Group's foreign subsidiaries

In January 2003, BNP Paribas Capital Trust VI, a subsidiary under the exclusive control of the Group, made a EUR 700 million issue of non-voting undated non-cumulative preferred shares governed by the laws of the United States, which did not dilute BNP Paribas ordinary shares. The shares pay a fixed-rate dividend for a period of ten years. They are redeemable at the issuer's discretion after a ten-year period, and thereafter at each coupon date. In case they are not redeemed in 2013, a Euribor-indexed dividend will be paid quarterly. The issuer has the option of not paying dividends on these preferred shares if no dividends are paid on BNP Paribas SA ordinary shares and no coupons are paid on preferred share equivalents (Undated Super Subordinated Notes) in the previous year. Unpaid dividends are not carried forward.

During 2011 and 2012, EUR 500 million and EUR 660 million of undated preferred shares of the same type as those described above were redeemed.

In 2003 and 2004, the LaSer-Cofinoga sub-group, which is proportionately consolidated by BNP Paribas made three issues of undated non-voting preferred shares through special purpose entities governed by UK law and exclusively controlled by the LaSer-Cofinoga sub-group. These shares pay a non-cumulative preferred dividend for a ten-year period, at a fixed rate for those issued in 2003 and an indexed rate for the 2004 issue. After this ten-year period, they will be redeemable at par at the issuer's discretion at the end of each quarter on the coupon date, and the dividend payable on the 2003 issue will become Euribor-indexed.

In October 2012, EUR 45 million of the 2003 issue have been repurchased, generating a gross gain in shareholders' equity of EUR 4 million.

- Preferred shares issued by the Group's foreign subsidiaries

| Issuer                           | Date of issue        | Currency | Amount<br>(in millions of euros) | Rate and term before 1st call date     | Rate after 1st call date      |
|----------------------------------|----------------------|----------|----------------------------------|--|-------------------------------|
| BNPP Capital Trust VI            | January 2003         | EUR      | 700                              | 5.868% 10 years                        | 3-month Euribor + 2.48%       |
| Cofinoga Funding I LP            | March 2003           | EUR      | 55 <sup>(1)</sup>                | 6.82% 10 years                         | 3-month Euribor + 3.75%       |
| Cofinoga Funding II LP           | January and May 2004 | EUR      | 80 <sup>(1)</sup>                | TEC 10 <sup>(2)</sup> + 1.35% 10 years | TEC 10 <sup>(2)</sup> + 1.35% |
| <b>Total at 31 December 2012</b> |                      |          | <b>752<sup>(3)</sup></b>         |  |                               |

<sup>(1)</sup> Before application of the proportionate consolidation rate.

<sup>(2)</sup> TEC 10 is the daily long-term government bond index, corresponding to the yield-to-maturity of a fictitious 10-year Treasury note.

<sup>(3)</sup> Net of shares held in treasury by Group entities and after applying the proportional consolidation rate of Cofinoga.

The proceeds of these issues are recorded under "Minority interests" in the balance sheet, and the dividends are reported under "Minority interests" in the profit and loss account.

At 31 December 2012, the BNP Paribas Group held EUR 15 million in preferred shares (EUR 55 million at 31 December 2011), deducted from minority interests.



- Undated Super Subordinated Notes issued by BNP Paribas SA

BNP Paribas SA has issued Undated Super Subordinated Notes which pay a fixed or floating rate coupon and are redeemable at the end of a fixed period and thereafter at each coupon date. Some of these issues will pay a coupon indexed to Euribor or Libor if the notes are not redeemed at the end of this period.

In the fourth quarter of 2011, the following transactions were carried out in relation to Undated Super Subordinated Notes:

- a public offer to exchange USD 1.3 billion of notes issued in June 2005 for new non-subordinated bonds paying interest at 3-month USD Libor + 2.75%. This transaction reduced outstanding debt by USD 280 million, generating a gross gain of EUR 59 million in terms of equity.

- a public offer to buy EUR 750 million of notes issued in April 2006, GBP 325 million of notes issued in July 2006 and EUR 750 million of notes issued in April 2007. This transaction reduced the outstanding debt by EUR 201 million, GBP 162 million and EUR 112 million respectively, and generated a gross gain of EUR 135 million in terms of equity.

Fortis Bank France, company absorbed by BNP Paribas SA on 12 May 2010, carried out a EUR 60 million issue during December 2007 of Undated Super Subordinated Notes. This issue offers investors a floating rate of interest. These Undated Super Subordinated Notes were redeemed early on 23 May 2011.

The table below summarises the characteristics of these various issues

*Undated Super Subordinated Notes*

| Date of issue                                   | Currency | Amount<br>(in millions of currency<br>units) | Coupon payment<br>date | Rate and term before 1st call date  | Rate after 1st call date   |
|---|----------|--|------------------------|-------------------------------------|----------------------------|
| June 2005                                       | USD      | 1,070  | semi-annual            | 5.186% 10 years                     | USD 3-month Libor + 1.680% |
| October 2005                                    | EUR      | 1,000  | annual                 | 4.875% 6 years                      | 4.875%                     |
| October 2005                                    | USD      | 400  | annual                 | 6.25% 6 years                       | 6.250%                     |
| April 2006                                      | EUR      | 549  | annual                 | 4.73% 10 years                      | 3-month Euribor + 1.690%   |
| April 2006                                      | GBP      | 450  | annual                 | 5.945% 10 years                     | GBP 3-month Libor + 1.130% |
| July 2006                                       | EUR      | 150  | annual                 | 5.45% 20 years                      | 3-month Euribor + 1.920%   |
| July 2006                                       | GBP      | 163  | annual                 | 5.945% 10 years                     | GBP 3-month Libor + 1.810% |
| April 2007                                      | EUR      | 638  | annual                 | 5.019% 10 years                     | 3-month Euribor + 1.720%   |
| June 2007                                       | USD      | 600  | quarterly              | 6.5% 5 years                        | 6.50%                      |
| June 2007                                       | USD      | 1,100  | semi-annual            | 7.195% 30 years                     | USD 3-month Libor + 1.290% |
| October 2007                                    | GBP      | 200  | annual                 | 7.436% 10 years                     | GBP 3-month Libor + 1.850% |
| June 2008                                       | EUR      | 500  | annual                 | 7.781% 10 years                     | 3-month Euribor + 3.750%   |
| September 2008                                  | EUR      | 650  | annual                 | 8.667% 5 years                      | 3-month Euribor + 4.050%   |
| September 2008                                  | EUR      | 100  | annual                 | 7.57% 10 years                      | 3-month Euribor + 3.925%   |
| December 2009                                   | EUR      | 2  | quarterly              | 3-month Euribor + 3.750% 10 years   | 3-month Euribor + 4.750%   |
| December 2009                                   | EUR      | 17   | annual                 | 7.028% 10 years                     | 3-month Euribor + 4.750%   |
| December 2009                                   | USD      | 70   | quarterly              | USD 3-month Libor + 3.750% 10 years | USD 3-month Libor + 4.750% |
| December 2009                                   | USD      | 0.5  | annual                 | 7.384% 10 years                     | USD 3-month Libor + 4.750% |
| Total euro-equivalent value at 31 December 2012 |          | 7,241 <sup>(1)</sup>                         |                        |                                     |                            |

(1) Net of shares held in treasury by Group entities

BNP Paribas has the option of not paying interest due on these Undated Super Subordinated Notes if no dividends were paid on BNP Paribas SA ordinary shares or on Undated Super Subordinated Note equivalents in the previous year. Unpaid interest is not carried forward.





The contracts relating to these Undated Super Subordinated Notes contain a loss absorption clause. Under the terms of this clause, in the event of insufficient regulatory capital – which is not fully offset by a capital increase or any other equivalent measure – the nominal value of the notes may be reduced in order to serve as a new basis for the calculation of the related coupons until the capital deficiency is made up and the nominal value of the notes is increased to its original amount. However, in the event of the liquidation of BNP Paribas SA, the amount due to the holders of these notes will represent their original nominal value irrespective of whether or not their nominal value has been reduced.

The proceeds from these issues are recorded in equity under “Capital and retained earnings”. In accordance with IAS 21, issues denominated in foreign currencies are recognised at their historical value based on their translation into euros at the issue date. Interest on the instruments is treated in the same way as dividends.

At 31 December 2012, the BNP Paribas Group held EUR 37 million of Undated Super Subordinated Notes which were deducted from shareholders’ equity.

### • Earnings per share

Basic earnings per share is calculated by dividing the net income for the period attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period. The net income attributable to ordinary shareholders is determined by deducting the net income attributable to holders of preferred shares.

Diluted earnings per share corresponds to net income for the year attributable to holders of ordinary shares, divided by the weighted average number of shares outstanding as adjusted for the maximum effect of the conversion of dilutive equity instruments into ordinary shares. In-the-money stock subscription options are taken into account in the diluted earnings per share calculation, as are share awards made under the Global Share-based Incentive Plan. Conversion of these instruments would have no effect on the net income figure used in this calculation.

|   | Year to 31 Dec. 2012 | Year to 31 Dec. 2011 |
|---|----------------------|----------------------|
| <b>Net income used to calculate basic and diluted earnings per ordinary share (in millions of euros) <sup>(1)</sup></b> | <b>6,271</b>         | <b>5,768</b>         |
| <b>Weighted average number of ordinary shares during the year</b>   | <b>1,214,528,487</b> | <b>1,197,356,577</b> |
| Effect of potentially dilutive ordinary shares  | 2,083,716            | 2,061,675            |
| - Stock subscription plan <sup>(2)</sup>  | -                    | 706,705              |
| - Performance share plan <sup>(2)</sup>   | 2,054,507            | 1,324,406            |
| - Stock purchase plan   | 29,209               | 30,565               |
| <b>Weighted average number of ordinary shares used to calculate diluted earnings per share</b>                          | <b>1,216,612,203</b> | <b>1,199,418,253</b> |
| <b>Basic earnings per share (in euros)</b>  | <b>5.16</b>          | <b>4.82</b>          |
| <b>Diluted earnings per share (in euros)</b>  | <b>5.15</b>          | <b>4.81</b>          |

<sup>(1)</sup> 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 (treated as preferred share equivalents), which for accounting purposes is treated as dividends.

<sup>(2)</sup> See note 7.e Share-based payments for the description of share-based plans.

The dividend per share paid in 2012 out of 2011 net income amounted to EUR 1.20 compared with EUR 2.10 per share paid in 2011 out of 2010 net income.



8.b SCOPE OF CONSOLIDATION

Table with 12 columns: Name, Country, Method, Voting (%), Interest (%), Ref., and four columns for 31/12/2012 and 31/12/2011. Rows include Consolidating company, Retail Banking, Domestic Markets, Retail Banking - France, Retail Banking - Belgium, Retail Banking - Luxembourg, Retail Banking - Italy (BNL Banca Commerciale), and Arval.

Table with 12 columns: Name, Country, Method, Voting (%), Interest (%), Ref., and four columns for 31/12/2012 and 31/12/2011. Rows include Arval (cont'd), Leasing Solutions, and various subsidiaries.

Changes in the scope of consolidation

New entries (E) in the scope of consolidation

- E1: Passing qualifying thresholds as defined by the Group (cf. note 1.b)
E2: Incorporation
E3: Purchase or change of control
Removals (S) from the scope of consolidation
S1: Cessation of activity (including dissolution, liquidation)
S2: Disposal, loss of control or loss of significant influence
S3: Entities removed from the scope because < qualifying thresholds (cf. note 1.b)
S4: Merger, Universal transfer of assets and liabilities

Variance (V) in voting or ownership interest

- V1: Additional purchase
V2: Partial disposal
V3: Dilution
V4: Increase in %

Equity \* Simplified consolidation by the equity method (non-material entities) (cf. note 1.b)

Miscellaneous

- D1: Consolidation method change not related to fluctuation in voting or ownership interest
D2: 111 Construction-Sale Companies (Real Estate programmes) of which 103 fully and 8 proportionally consolidated
D3: The Kleipierre group was fully consolidated until 14 March 2012, then, following the partial disposal of the interest of BNP Paribas Group, the Kleipierre group has been consolidated under the equity method (cf. note 8.d.).

Prudential scope of consolidation

- (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.
(2): Entities excluded from prudential scope of consolidation
(3): Entities consolidated under the equity method for prudential purposes



| Name   | Country        | 31/12/2012 |            |              |      | 31/12/2011 |            |              |       |
|--|----------------|------------|------------|--------------|------|------------|------------|--------------|-------|
|  |                | Method     | Voting (%) | Interest (%) | Ref. | Method     | Voting (%) | Interest (%) | Ref.  |
| <b>Leasing Solutions (cont'd)</b>                            |                |            |            |              |      |            |            |              |       |
| Fortis Lease UK Ltd.   | UK             | Full       | 100%       | 76.7%        | V2   | Full       | 100%       | 84.5%        |       |
| Fortis Lease UK (1) Ltd.                                     | UK             |            |            |              | S3   | Equity *   | 100%       | 84.5%        | D1    |
| Fortis Lease UK Retail Ltd.                                  | UK             | Full       | 100%       | 76.7%        | V2   | Full       | 100%       | 84.5%        |       |
| Fortis Vastgoedlease BV                                      | Netherlands    | Full       | 100%       | 76.7%        | V2   | Full       | 100%       | 84.5%        |       |
| Hans Van Driel Rental BV (ex- AFL Lease BV)                  | Netherlands    | Full       | 100%       | 84.5%        | S2   | Full       | 100%       | 84.5%        |       |
| H.F.G.L Ltd. (ex- BNP Paribas Leasing Solutions Ltd.)        | UK             | Full       | 100%       | 76.7%        | V2   | Full       | 100%       | 84.5%        |       |
| Humberlyde Commercial Investments Ltd.                       | UK             | Full       | 100%       | 76.7%        | V2   | Full       | 100%       | 84.5%        |       |
| Humberlyde Commercial Investments N°1 Ltd.                   | UK             | Full       | 100%       | 76.7%        | V2   | Full       | 100%       | 84.5%        |       |
| Humberlyde Commercial Investments N°4 Ltd.                   | UK             |            |            |              |      |            |            |              | S1    |
| Humberlyde Finance Ltd.                                      | UK             |            |            |              | S1   | Full       | 100%       | 84.5%        |       |
| Humberlyde Industrial Finance Ltd.                           | UK             |            |            |              | S1   | Full       | 100%       | 84.5%        |       |
| JCB Finance  | France         | Full (1)   | 100%       | 38.4%        | V2   | Full (1)   | 100%       | 42.3%        |       |
| JCB Finance Holdings Ltd.                                    | UK             | Full       | 50.1%      | 38.4%        | V2   | Full       | 50.1%      | 42.3%        |       |
| Locatrice Italiana SPA                                       | Italy          | Equity *   | 100%       | 93.9%        | V2   | Equity *   | 100%       | 95.9%        | D1    |
| Manibu Finance Ltd.  | UK             | Full       | 51.0%      | 39.1%        | V2   | Full       | 51.0%      | 43.1%        |       |
| MFF  | France         | Full (1)   | 51.0%      | 39.1%        | V2   | Full (1)   | 51.0%      | 43.1%        |       |
| Nafcoédiball   | France         | Full (1)   | 100%       | 100%         | V1   | Full (1)   | 100%       | 84.5%        |       |
| Nafcoédimus  | France         | Full (1)   | 100%       | 100%         | V1   | Full (1)   | 100%       | 84.5%        |       |
| Nafcoénergie   | France         | Full (1)   | 100%       | 100%         | V1   | Full (1)   | 100%       | 84.5%        |       |
| Paricom 2  | France         |            |            |              | S3   | Full       | 100%       | 100%         |       |
| Same Deutz Fahr Finance Ltd.                                 | UK             | Full       | 100%       | 76.7%        | V2   | Full       | 100%       | 84.5%        |       |
| Same Deutz-Fahr Finance                                      | France         | Full (1)   | 100%       | 76.7%        | V2   | Full (1)   | 100%       | 84.5%        |       |
| SREI Equipment Finance Private Ltd.                          | India          | Prop.      | 50.0%      | 38.4%        | V2   | Prop.      | 50.0%      | 42.2%        |       |
| TEB Finansal Kiralama AS                                     | Turkey         |            |            |              |      |            |            |              | S4    |
| UFB Asset Finance Ltd.                                       | UK             |            |            |              | S1   | Full       | 100%       | 84.5%        |       |
| <b>Special Purpose Entities</b>                              |                |            |            |              |      |            |            |              |       |
| Vela Lease SRL   | Italy          | Full       | -          | -            |      | Full       | -          | -            |       |
| <b>Personal Investors</b>                                    |                |            |            |              |      |            |            |              |       |
| B*Capital  | France         | Full (1)   | 100%       | 99.9%        |      | Full (1)   | 100%       | 99.9%        |       |
| Cortal Consors   | France         | Full (1)   | 100%       | 100.0%       |      | Full (1)   | 100%       | 100.0%       |       |
| Geojit BNP Paribas Financial Services Ltd - Groupe           | India          | Prop.      | 33.6%      | 33.6%        |      | Prop.      | 33.6%      | 33.6%        |       |
| Geojit Technologies Private Ltd.                             | India          | Full       | 56.8%      | 56.8%        |      | Full       | 56.8%      | 56.8%        |       |
| Portamparc Gestion   | France         | Full       | 100%       | 51.0%        |      | Full       | 100%       | 51.0%        |       |
| Portamparc société de Bourse                                 | France         | Full (1)   | 51.0%      | 51.0%        |      | Full (1)   | 51.0%      | 51.0%        |       |
| <b>BNP Paribas Personal Finance</b>                          |                |            |            |              |      |            |            |              |       |
| Alpha Crédit SA  | Belgium        | Full       | 100%       | 74.9%        |      | Full       | 100%       | 74.9%        |       |
| Axa Banque Financement                                       | France         | Equity     | 35.0%      | 35.0%        |      | Equity     | 35.0%      | 35.0%        |       |
| Banco BGN SA   | Brazil         | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |       |
| Banco BNP Paribas Personal Finance SA                        | Portugal       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |       |
| Banco Cetelem Argentina SA                                   | Argentina      | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |       |
| Banco Cetelem SA   | Spain          | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |       |
| Banco de Servicios Financieros SA                            | Argentina      | Equity     | 39.9%      | 39.9%        |      | Equity     | 39.9%      | 39.9%        | E1    |
| BGN Mercantil E Servicios Limitada                           | Brazil         | Equity *   | 100%       | 100%         | E1   |            |            |              |       |
| Bieffe 5 SPA   | Italy          | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         | V1    |
| BNP Paribas Personal Finance                                 | France         | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |       |
| BNP Paribas Personal Finance EAD                             | Bulgaria       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |       |
| BNP Paribas Personal Finance BV                              | Netherlands    | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |       |
| BNP Paribas Personal Finance SA de CV                        | Mexico         | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |       |
| BNP Paribas Vosbok LLC                                       | Russia         | Equity     | 30.0%      | 30.0%        | V2   | Full       | 100%       | 100%         |       |
| Calneco  | France         | Full (1)   | 51.0%      | 50.8%        |      | Full (1)   | 51.0%      | 50.8%        |       |
| Carrefour Banque   | France         | Equity     | 39.2%      | 39.2%        |      | Equity     | 39.2%      | 39.2%        |       |
| Carrefour Promotora de Vendas e Participações (CVP) Limitada | Brazil         |            |            |              | S2   | Equity     | 40.0%      | 40.0%        |       |
| Cetelem Algérie  | Algeria        | Equity *   | 100%       | 100%         | D1   | Full       | 100%       | 100%         |       |
| Cetelem America Ltda   | Brazil         | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |       |
| Cetelem Benelux BV   | Netherlands    |            |            |              | S1   | Full       | 100%       | 100%         |       |
| Cetelem Brasil SA  | Brazil         | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |       |
| Cetelem CR AS  | Czech Republic | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |       |
| Cetelem IFN  | Romania        | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |       |
| Cetelem Latin America Holding Participações Ltda             | Brazil         | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |       |
| Cetelem Slovensko AS   | Slovakia       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |       |
| Cetelem Thailand   | Thailand       |            |            |              |      |            |            |              | S2    |
| CMV Médifibre  | France         | Full (1)   | 100%       | 100%         |      | Full (1)   | 100%       | 100%         |       |
| Colfa Bai  | France         | Full (1)   | 100%       | 100%         |      | Full (1)   | 100%       | 100%         |       |
| Colplan  | France         | Full (1)   | 100.0%     | 100.0%       |      | Full (1)   | 100.0%     | 100.0%       |       |
| Commerz Finanz   | Germany        | Full       | 50.1%      | 50.1%        |      | Full       | 50.1%      | 50.1%        |       |
| Cosimo   | France         | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         | E1    |
| Credrama SPA   | Italy          | Equity *   | 51.0%      | 51.0%        |      | Equity *   | 51.0%      | 51.0%        | V1&D1 |
| Credsson Holding Ltd.  | Cyprus         |            |            |              | S1   | Full       | 100%       | 100%         |       |
| Crédit Moderne Antilles Guyane                               | France         | Full (1)   | 100%       | 100%         |      | Full (1)   | 100%       | 100%         |       |
| Crédit Moderne Océan Indien                                  | France         | Full (1)   | 97.8%      | 97.8%        |      | Full (1)   | 97.8%      | 97.8%        |       |
| Direct Services  | Bulgaria       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |       |
| Domofinance  | France         | Full (1)   | 55.0%      | 55.0%        |      | Full (1)   | 55.0%      | 55.0%        |       |
| Efco   | France         | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |       |
| Efco Iberia SA   | Spain          | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |       |
| Efco Portugal  | Portugal       | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         |       |
| Eos Aremes Belgium SA  | Belgium        | Equity     | 50.0%      | 37.4%        |      | Equity     | 50.0%      | 37.4%        |       |
| Eurocredit EFC SA  | Spain          | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |       |
| Facet  | France         | Full (1)   | 100%       | 100%         |      | Full (1)   | 100%       | 100%         |       |
| Fidem  | France         | Full (1)   | 51.0%      | 51.0%        |      | Full (1)   | 51.0%      | 51.0%        |       |
| Finmestic Expansion SA                                       | Spain          | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |       |
| Finlaia  | Belgium        | Full       | 100%       | 74.9%        | V1   | Full       | 51.0%      | 38.2%        |       |
| Findomestic Banca SPA  | Italy          | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         | V1    |
| Findomestic Banka AD   | Serbia         | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         | V1    |
| LaSer - Colnoga (Groupe)                                     | France         | Prop.      | 50.0%      | 50.0%        |      | Prop.      | 50.0%      | 50.0%        |       |

| Name  | Country     | 31/12/2012 |            |              |      | 31/12/2011 |            |              |      |
|---|-------------|------------|------------|--------------|------|------------|------------|--------------|------|
|   |             | Method     | Voting (%) | Interest (%) | Ref. | Method     | Voting (%) | Interest (%) | Ref. |
| <b>BNP Paribas Personal Finance (cont'd)</b>              |             |            |            |              |      |            |            |              |      |
| Leval 20  | France      | Full       | 100%       | 100%         | E1   |            |            |              |      |
| Loiers Finance  | France      | Full (1)   | 51.0%      | 51.0%        |      | Full (1)   | 51.0%      | 51.0%        |      |
| Magyar Cetelem Bank Zrt                                   | Hungary     | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Natixis Financement                                       | France      |            |            |              | S2   | Equity     | 33.0%      | 33.0%        |      |
| Nissan Finance Belgium NV                                 | Belgium     | Full       | 100%       | 75.4%        | V2   | Full       | 100%       | 77.3%        |      |
| Norskin Finance   | France      | Full (1)   | 51.0%      | 51.0%        |      | Full (1)   | 51.0%      | 51.0%        |      |
| Presbcomer SA de CV                                       | Mexico      | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Prêts et Services SAS                                     | France      | Full (1)   | 100%       | 100%         |      | Full (1)   | 100%       | 100%         |      |
| Progo   | France      | Full (1)   | 51.0%      | 51.0%        |      | Full (1)   | 51.0%      | 51.0%        |      |
| Servicios Financieros Carrefour EFC                       | Spain       | Equity     | 37.3%      | 39.9%        |      | Equity     | 37.3%      | 39.9%        |      |
| Submarino Finance Promotora de Credito Limitada           | Brazil      |            |            |              | S2   | Prop.      | 50.0%      | 50.0%        |      |
| Sundaram Home Finance Ltd.                                | India       | Equity *   | 49.9%      | 49.9%        |      | Equity *   | 49.9%      | 49.9%        | D1   |
| TEB Tüketici Finansman ASI                                | Turkey      | Full       | 92.8%      | 91.0%        |      | Full       | 92.8%      | 91.0%        | V1   |
| UCB Ingatlanhöz RT  | Hungary     | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| UCB Suisse  | Switzerland | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Union de Crédits Immobiliarios - UCI (Groupe)             | Spain       | Prop.      | 50.0%      | 50.0%        |      | Prop.      | 50.0%      | 50.0%        |      |
| Von Essen GmbH & Co. KG Bankgesellschaft                  | Germany     | Full       | 100%       | 74.9%        |      | Full       | 100%       | 74.9%        |      |
| <b>Special Purpose Entities</b>                           |             |            |            |              |      |            |            |              |      |
| Aubornia 2012 - 1 et 2                                    | France      | Full       | -          | -            | E2   |            |            |              |      |
| Domos 2011 - A et B                                       | France      | Full       | -          | -            |      | Full       | -          | -            | E2   |
| FCC Retail ABS Finance - Noria 2008                       | France      |            |            |              | S1   | Full       | -          | -            |      |
| FCC Retail ABS Finance - Noria 2009                       | France      | Full       | -          | -            |      | Full       | -          | -            |      |
| FCC Doms 2008   | France      | Full       | -          | -            |      | Full       | -          | -            |      |
| FCC Master Doms   | France      |            |            |              | S1   | Full       | -          | -            |      |
| FCC Master Doms 5   | France      |            |            |              |      | Full       | -          | -            | S1   |
| FCC U.C.I. 5 - 18   | Spain       | Prop.      | -          | -            |      | Prop.      | -          | -            |      |
| FCC U.C.I. 19   | Spain       |            |            |              |      | Full       | -          | -            | S1   |
| Fundo de Investimento EM Direitos Creditórios BGN Life    | Brazil      | Full       | -          | -            |      | Full       | -          | -            |      |
| Fundo de Investimento EM Direitos Creditórios BGN Premium | Brazil      |            |            |              | S1   | Full       | -          | -            |      |
| Phedina Hypotheek 2010 BV                                 | Netherlands | Full       | -          | -            |      | Full       | -          | -            |      |
| Phedina Hypotheek 2011-BV                                 | Netherlands | Full       | -          | -            |      | Full       | -          | -            | E2   |
| Viola Finanza SRL   | Italy       | Full       | -          | -            |      | Full       | -          | -            |      |
| <b>International Retail Banking</b>                       |             |            |            |              |      |            |            |              |      |
| <b>Retail Banking in the United States of America</b>     |             |            |            |              |      |            |            |              |      |
| 1897 Services Corporation                                 | U.S.A       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| 521 South Seventh Street LLC                              | U.S.A       |            |            |              | S1   | Full       | 69.2%      | 69.2%        |      |
| BancWest Corporation                                      | U.S.A       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BancWest Investment Services, Inc.                        | U.S.A       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Bank of the West Business Park Association LLC            | U.S.A       | Full       | 38.0%      | 38.0%        |      | Full       | 38.0%      | 38.0%        |      |
| Bank of the West  | U.S.A       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Bishop Street Capital Management Corporation              | U.S.A       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BW Insurance Agency, Inc.                                 | U.S.A       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BW Leasing, Inc.  | U.S.A       |            |            |              | S1   | Full       | 100%       | 100%         |      |
| Center Club, Inc.   | U.S.A       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| CFB Community Development Corporation                     | U.S.A       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Claas Financial Services LLC                              | U.S.A       | Full       | 75.9%      | 62.5%        | V2   | Full       | 75.9%      | 63.6%        |      |
| Commercial Federal Affordable Housing, Inc.               | U.S.A       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Commercial Federal Community Development Corporation      | U.S.A       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Commercial Federal Insurance Corporation                  | U.S.A       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Commercial Federal Investment Service Inc.                | U.S.A       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Commercial Federal Realty Investors Corporation           | U.S.A       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Commercial Federal Service Corporation                    | U.S.A       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Community Service, Inc.                                   | U.S.A       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Equity Lending Inc.                                       | U.S.A       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Essex Credit Corporation                                  | U.S.A       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| FHB Guam Trust Co.  | U.S.A       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         | E2   |
| FHL Lease Holding Company Inc.                            | U.S.A       |            |            |              | S1   | Full       | 100%       | 100%         |      |
| FHL SPC One, Inc.   | U.S.A       |            |            |              |      |            |            |              |      |

| Name  | Country        | 31/12/2012 |            |              |      | 31/12/2011 |            |              |      |
|---|----------------|------------|------------|--------------|------|------------|------------|--------------|------|
|   |                | Method     | Voting (%) | Interest (%) | Ref. | Method     | Voting (%) | Interest (%) | Ref. |
| <b>Special Purpose Entities (cont'd)</b>  |                |            |            |              |      |            |            |              |      |
| Santa Rita Townhomes Acquisition LLC  | U.S.A          | Full       | -          | -            |      | Full       | -          | -            |      |
| Southwest Airlines 1993 Trust N363SW  | U.S.A          | Full       | -          | -            |      | Full       | -          | -            | E1   |
| ST 2001 FH-1  | U.S.A          | Full       | -          | -            |      | Full       | -          | -            | E1   |
| SMB 98-1  | U.S.A          | Full       | -          | -            | S1   | Full       | -          | -            | E1   |
| SMB 99-1  | U.S.A          | Full       | -          | -            |      | Full       | -          | -            | E1   |
| VTA 1998-FH   | U.S.A          | Full       | -          | -            |      | Full       | -          | -            | E1   |
| 1997-LRV-FH   | U.S.A          | Full       | -          | -            |      | Full       | -          | -            | E1   |
| 1999-FH-1 (SNCF)  | U.S.A          | Full       | -          | -            | S1   | Full       | -          | -            | E1   |
| 1999-FH-2 (SNCF)  | U.S.A          | Full       | -          | -            | S1   | Full       | -          | -            | E1   |
| <b>Europe Mediterraean</b>  |                |            |            |              |      |            |            |              |      |
| Banque de Nankin  | China          | Equity     | 14.7%      | 14.7%        | V1   | Equity     | 12.7%      | 12.7%        |      |
| Banque du Sahara LSC  | Libya          |            |            |              |      |            |            |              | S2   |
| Banque Internationale du Commerce et de l'Industrie Burkina Faso                              | Burkina Faso   | Full       | 51.0%      | 51.0%        |      | Full       | 51.0%      | 51.0%        |      |
| Banque Internationale du Commerce et de l'Industrie Côte d'Ivoire                             | Ivory Coast    | Full       | 59.8%      | 59.8%        |      | Full       | 59.8%      | 59.8%        |      |
| Banque Internationale du Commerce et de l'Industrie Gabon                                     | Gabon          | Equity     | 46.7%      | 46.7%        |      | Equity     | 46.7%      | 46.7%        |      |
| Banque Internationale du Commerce et de l'Industrie Guinée                                    | Guinea         | Equity     | 30.8%      | 30.8%        |      | Equity     | 30.8%      | 30.8%        |      |
| Banque Internationale du Commerce et de l'Industrie Mali                                      | Mali           | Full       | 85.0%      | 85.0%        |      | Full       | 85.0%      | 85.0%        |      |
| Banque Internationale du Commerce et de l'Industrie Senegal                                   | Senegal        | Full       | 54.1%      | 54.1%        |      | Full       | 54.1%      | 54.1%        |      |
| Banque Malgache de l'Océan Indien   | Madagascar     |            |            |              |      |            |            |              | S2   |
| Banque Marocaine du Commerce et de l'Industrie  | Morocco        | Full       | 67.0%      | 67.0%        |      | Full       | 66.7%      | 66.7%        |      |
| Banque Marocaine du Commerce et de l'Industrie Assurance                                      | Morocco        | Equity *   | 100%       | 67.0%        |      | Equity *   | 100%       | 66.7%        | E1   |
| Banque Marocaine du Commerce et de l'Industrie Crédit Conso                                   | Morocco        |            |            |              |      |            |            |              | S4   |
| Banque Marocaine du Commerce et de l'Industrie Crédit Conso (ex- Cetelem Maroc)               | Morocco        | Full       | 99.9%      | 66.9%        |      | Full       | 99.9%      | 66.7%        | V3   |
| Banque Marocaine du Commerce et de l'Industrie Gestion  | Morocco        | Equity *   | 100%       | 67.0%        |      | Equity *   | 100%       | 66.7%        |      |
| Banque Marocaine du Commerce et de l'Industrie Leasing  | Morocco        | Full       | 72.0%      | 48.3%        |      | Full       | 72.0%      | 48.1%        |      |
| Banque Marocaine du Commerce et de l'Industrie Offshore                                       | Morocco        | Full       | 100%       | 67.0%        |      | Full       | 100%       | 66.7%        |      |
| BNP Intercontinental - BNPI   | France         | Full (1)   | 100%       | 100%         |      | Full (1)   | 100%       | 100%         |      |
| BNP Paribas Bank Polska SA  | Poland         | Full       | 99.9%      | 74.9%        |      | Full       | 99.9%      | 74.8%        |      |
| BNP Paribas BDDI Participafons  | France         | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas El Djazar   | Algeria        | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Fortis Yatirimlar Holding AS  | Turkey         | Full       | 100%       | 74.9%        |      | Full       | 100%       | 74.9%        |      |
| BNP Paribas SAE   | Egypt          | Full       | 95.2%      | 95.2%        |      | Full       | 95.2%      | 95.2%        |      |
| BNP Paribas Yatirimlar Holding Anonim Sirketi   | Turkey         | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         | E2   |
| Domnet SA   | Poland         | Full       | 100%       | 74.9%        |      | Full       | 100%       | 74.9%        |      |
| Fortis Bank Anonim Sirketi  | Turkey         |            |            |              |      |            |            |              | S4   |
| Fortis Bank Malta Ltd.  | Malta          | Equity *   | 100%       | 74.9%        |      | Equity *   | 100%       | 74.9%        | D1   |
| Fortis Faktoring AS   | Turkey         | Equity *   | 100%       | 74.9%        |      | Equity *   | 100%       | 74.9%        | E3   |
| Fortis Holding Malta BV   | Netherlands    | Full       | 100%       | 74.9%        |      | Full       | 100%       | 74.9%        |      |
| Fortis Holding Malta Ltd.   | Malta          | Full       | 100%       | 74.9%        |      | Full       | 100%       | 74.9%        |      |
| Fortis Portby Yonemli AS  | Turkey         | Full       | 100%       | 74.9%        |      | Full       | 100%       | 74.9%        | S4   |
| Fortis Yatirim Menkul Degerler AS   | Turkey         | Full       | 100%       | 74.9%        |      | Full       | 100%       | 74.9%        | S4   |
| IC Axia Insurance   | Ukraine        | Equity *   | 49.8%      | 49.8%        |      | Equity *   | 49.7%      | 49.7%        |      |
| IC Axia Ukraine   | Ukraine        |            |            |              | S4   | Equity *   | 50.0%      | 50.0%        |      |
| Orient Commercial Bank  | Vietnam        | Equity     | 20.0%      | 20.0%        |      | Equity     | 20.0%      | 20.0%        | V1   |
| TEB Holding AS (Groupe)   | Turkey         | Prop.      | 50.0%      | 37.5%        |      | Prop.      | 50.0%      | 37.5%        |      |
| Ukrainian Leasing Company   | Ukraine        | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         | D1   |
| UkrSibbank  | Ukraine        | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Union Bancaire pour le Commerce et l'Industrie  | Tunisia        | Full       | 50.0%      | 50.0%        |      | Full       | 50.0%      | 50.0%        |      |
| <b>Special Purpose Entities</b>   |                |            |            |              |      |            |            |              |      |
| K-Kollet LLC  | Ukraine        | Full       | -          | -            |      | Full       | -          | -            | E2   |
| <b>Investment Solutions</b>   |                |            |            |              |      |            |            |              |      |
| BNP Paribas Suisse SA   | Switzerland    | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| <b>Insurance</b>  |                |            |            |              |      |            |            |              |      |
| AG Insurance-Groupe   | Belgium        | Equity     | 25.0%      | 18.7%        |      | Equity     | 25.0%      | 18.7%        |      |
| AnIn Epargne Pension  | France         |            |            |              |      |            |            |              | S4   |
| BNP Paribas Assurance TCB Life Insurance Company Ltd  | Taiwan         | Equity     | 49.0%      | 49.0%        |      | Equity     | 49.0%      | 49.0%        |      |
| BNP Paribas Cardif  | France         | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| BNP Paribas Cardif BV (ex- BNP Paribas Assurance BV)  | Netherlands    | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| BNP Paribas Cardif Emekli Anonim Sirketi  | Turkey         | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         | D1   |
| BNP Paribas Cardif Levensverzekeringen NV (ex- Cardif Levensverzekeringen NV)                 | Netherlands    | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| BNP Paribas Cardif Pojsbna A.S (ex- Pojsbna Cardif Pro Vita S.A)                              | Czech Republic | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| BNP Paribas Cardif PSC Ltd. (ex- Pinnade Underwriting Limited)                                | UK             | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         | E1   |
| BNP Paribas Cardif Seguros Generales SA (ex- Compania de Seguros Generales Cardif SA)         | Chile          | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| BNP Paribas Cardif Seguros de Vida SA (ex- Compania de Seguros de Vida Cardif SA)             | Chile          | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| BNP Paribas Cardif Vita Compagnia di Assicurazione E Riassicurazione S.P.A. (ex-BNL Vita SPA) | Italy          | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         | V1   |

| Name   | Country     | 31/12/2012 |            |              |      | 31/12/2011 |            |              |      |
|--|-------------|------------|------------|--------------|------|------------|------------|--------------|------|
|  |             | Method     | Voting (%) | Interest (%) | Ref. | Method     | Voting (%) | Interest (%) | Ref. |
| <b>Insurance (cont'd)</b>  |             |            |            |              |      |            |            |              |      |
| Cardif Assicurazioni SPA   | Italy       | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| Cardif Assurances Risques Divers   | France      | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| Cardif Assurance Vie   | France      | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| Cardif Bizbis Magyarorszag Zrt   | Hungary     | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         |      |
| Cardif Colombia Seguros Generales  | Colombia    | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         |      |
| Cardif del Peru Sa Compania de Seguros   | Peru        | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         |      |
| Cardif do Brasil Vida e Previdencia SA   | Brazil      | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| Cardif do Brasil Seguros e Garantias   | Brazil      | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| Cardif Forsaking AB  | Sweden      | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         |      |
| Cardif Hayat Sigorta Anonim Sirketi  | Turkey      | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         | D1   |
| Cardif Holdings Inc.   | U.S.A       |            |            |              | S3   | Full (3)   | 100%       | 100%         |      |
| Cardif Insurance Company   | Russia      | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         |      |
| Cardif I-Services  | France      | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         | D1   |
| Cardif Leven   | Belgium     | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| Cardif Life Insurance Company  | U.S.A       |            |            |              |      |            |            |              | S2   |
| Cardif Life Insurance Co. Ltd.   | South Korea | Full (3)   | 85.0%      | 85.0%        |      | Full (3)   | 85.0%      | 85.0%        |      |
| Cardif Lux Vie   | Luxembourg  | Full (3)   | 66.7%      | 51.1%        |      | Full (3)   | 66.7%      | 51.1%        | V3   |
| Cardif Mexico Seguros de Vida SA de CV   | Mexico      | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         |      |
| Cardif Mexico Seguros Generales SA de CV   | Mexico      | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         |      |
| Cardif Nordic AB   | Sweden      | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| Cardif Pinnacle Insurance Holdings PLC   | UK          | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| Cardif Pinnacle Insurance Management Services PLC  | UK          | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| Cardif Polska Towarzystwo Ubezpieczan na Zycie SA  | Poland      | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| Cardif Schadeverzekeringen NV  | Netherlands | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| Cardif Seguros SA  | Argentina   | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| CB (UK) Ltd. (Fonds C)   | UK          | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| Darnell Ltd.   | Ireland     | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| F & B Insurance Holdings SA (Groupe)   | Belgium     | Equity     | 50.0%      | 50.0%        |      | Equity     | 50.0%      | 50.0%        |      |
| Financial Telemarketing Services Ltd.  | UK          | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         |      |
| Fortis Luxembourg - Vie SA   | Luxembourg  |            |            |              |      |            |            |              | S4   |
| GIE BNP Paribas Cardif   | France      | Full (3)   | 100%       | 99.0%        |      | Full (3)   | 100%       | 99.0%        |      |
| Luizseg  | Brazil      | Equity *   | 50.0%      | 50.0%        |      | Equity *   | 50.0%      | 50.0%        | D1   |
| Natio Assurance  | France      | Equity *   | 50.0%      | 50.0%        |      | Equity *   | 50.0%      | 50.0%        | D1   |
| NCVP Participacoes Societarias SA  | Brazil      | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| Pinnacle Insurance PLC   | UK          | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| Polozion Arka Powszechna Towarzystwo Emerytalne SA   | Poland      | Equity     | 33.3%      | 33.3%        |      | Equity     | 33.3%      | 33.3%        |      |
| Pojbna Cardif Slovakia A.S   | Slovakia    | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         |      |
| Portes de Claye SCI  | France      | Equity     | 45.0%      | 57.2%        | E3   |            |            |              |      |
| Rueli Cautron SCI  | France      |            |            |              | S3   | Full (3)   | 100%       | 100%         |      |
| Soco SCI   | France      | Equity     | 46.4%      | 58.3%        | E1   |            |            |              |      |
| State Bank of India Life Insurance Company Ltd.  | India       | Equity     | 26.0%      | 26.0%        |      | Equity     | 26.0%      | 26.0%        |      |
| <b>Special Purpose Entities</b>  |             |            |            |              |      |            |            |              |      |
| Odyssey SCI  | France      | Full (3)   | -          | -            |      | Full (3)   | -          | -            |      |
| <b>Wealth Management</b>   |             |            |            |              |      |            |            |              |      |
| Bank Insigner de Beaufort NV   | Netherlands | Full       | 63.0%      | 63.0%        |      | Full       | 63.0%      | 63.0%        |      |
| Bank Insigner de Beaufort Safe Custody NV  | Netherlands |            |            |              | S3   | Full       | 100%       | 63.0%        |      |
| BNP Paribas Espana SA  | Spain       | Full       | 99.6%      | 99.6%        |      | Full       | 99.6%      | 99.6%        |      |
| BNP Paribas Wealth Management  | France      | Full (1)   | 100%       | 100%         |      | Full (1)   | 100%       | 100%         |      |
| BNP Paribas Wealth Management Monaco   | Monaco      | Full (1)   | 100%       | 100%         |      | Full (1)   | 100%       | 100%         | D1   |
| Consil Investissement  | France      | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         |      |
| Fortis Wealth Management Hong Kong Ltd.  | Hong-Kong   |            |            |              |      |            |            |              | S2   |
| Fundamentum Asset Management (FAM)   | Luxembourg  |            |            |              | S3   | Full       | 100%       | 53.4%        |      |
| Insigner de Beaufort Asset Management AG   | Switzerland |            |            |              | S3   | Full       | 100%       | 31.5%        |      |
| Insigner de Beaufort Asset Management NV   | Netherlands |            |            |              | S3   | Full       | 100%       | 63.0%        |      |
| Insigner de Beaufort Associats BV  | Netherlands |            |            |              | S3   | Full       | 100%       | 63.0%        |      |
| Insigner de Beaufort Consulting BV   | Netherlands |            |            |              | S3   | Full       | 100%       | 63.0%        |      |
| Klein Hanerik Consulting BV  | Netherlands |            |            |              | S3   | Full       | 100%       | 63.0%        |      |
| Sodet Holding AG   | Switzerland |            |            |              | S3   | Full       | 50.0%      | 31.5%        |      |
| Williams De Broe Private Investment Management Ltd. (ex- BNP Paribas Private Investment Management Ltd.) | UK          |            |            |              |      |            |            |              | S2   |
| <b>Investment Partners</b>   |             |            |            |              |      |            |            |              |      |
| Alfred Berg Administration A/S   | Denmark     | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| Alfred Berg Asset Management AB  | Sweden      | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| Alfred Berg Asset Management Services AB   | Sweden      |            |            |              | S4   | Full       | 100%       | 90.5%        |      |
| Alfred Berg Fonder AB  | Sweden      | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| Alfred Berg Fondsmegjerselskab A/S   | Denmark     | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| Alfred Berg Forvalting AS  | Norway      | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| Alfred Berg Funds  | Finland     | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| Alfred Berg Kapitalforvalting AB   | Sweden      | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| Alfred Berg Kapitalforvalting AS   | Norway      | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| Alfred Berg Kapitalforvalting Finland AB   | Finland     | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| AnIn Infrastructure Partners   | France      |            |            |              | S2   | Equity     | 40.0%      | 36.2%        |      |
| Arnhem Investment Management Pty Ltd.  | Australia   | Equity     | 40.0%      | 36.2%        |      | Equity     | 40.0%      | 36.2%        |      |
| Banco Estado Administradora General de Fondos  | Chile       | Equity *   | 50.0%      | 45.3%        |      | Equity *</ |            |              |      |



| Name   | Country     | 31/12/2012 |            |              |      | 31/12/2011 |            |              |      |
|--|-------------|------------|------------|--------------|------|------------|------------|--------------|------|
|  |             | Method     | Voting (%) | Interest (%) | Ref. | Method     | Voting (%) | Interest (%) | Ref. |
| <b>Investment Partners (cont'd)</b>  |             |            |            |              |      |            |            |              |      |
| BNP Paribas Clean Energy Partners GP Ltd                                   | UK          | Equity *   | 100%       | 90.5%        |      | Equity *   | 100%       | 90.5%        | D1   |
| BNP Paribas Investment Partners  | France      | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| BNP Paribas Investment Partners Asia Ltd                                   | Hong-Kong   | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| BNP Paribas Investment Partners (Australia) Ltd                            | Australia   | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| BNP Paribas Investment Partners (Australia) Holdings Pty Ltd               | Australia   | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| BNP Paribas Investment Partners BE Holding                                 | Belgium     | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| BNP Paribas Investment Partners Belgium                                    | Belgium     | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| BNP Paribas Investment Partners Funds (Nederland) NV                       | Netherlands | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| BNP Paribas Investment Partners Japan Ltd                                  | Japan       | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| BNP Paribas Investment Partners Latam SA                                   | Mexico      | Equity *   | 99.0%      | 89.6%        | E1   |            |            |              |      |
| BNP Paribas Investment Partners Luxembourg                                 | Luxembourg  | Full       | 99.7%      | 90.2%        |      | Full       | 99.7%      | 90.2%        |      |
| BNP Paribas Investment Partners Netherlands NV                             | Netherlands | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| BNP Paribas Investment Partners NL Holding NV                              | Netherlands | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| BNP Paribas Investment Partners Singapore Ltd                              | Singapore   | Equity *   | 100%       | 90.5%        |      | Equity *   | 100%       | 90.5%        |      |
| BNP Paribas Investment Partners Societa di Gestione del Risparmio SPA      | Italy       | Full       | 100%       | 98.4%        |      | Full       | 100%       | 98.4%        |      |
| BNP Paribas Investment Partners UK Holdings Ltd                            | UK          |            |            |              | S3   | Full       | 100%       | 90.5%        |      |
| BNP Paribas Investment Partners UK Ltd                                     | UK          | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| BNP Paribas Investment Partners USA Holdings Inc.                          | U.S.A.      | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Private Equity   | France      | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         | D1   |
| CamGestion   | France      | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| Faucher General Partner Ltd  | Guernsey    | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        | V1   |
| Faucher Partners Asset Management Ltd                                      | Guernsey    | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        | V1   |
| Faucher Partners Corporation   | U.S.A.      | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        | V1   |
| Faucher Partners International Ltd   | Bermuda     | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        | V1   |
| Faucher Partners Ltd   | UK          | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        | V1   |
| Faucher Partners LLP   | UK          | Full       | 87.2%      | 79.0%        | V4   | Full       | 83.4%      | 75.2%        | V1   |
| Faucher Partners Management Company Ltd                                    | UK          | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        | V1   |
| Faucher Partners Management Ltd  | Guernsey    | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        | V1   |
| Faucher Partners SAS   | France      | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        | E2   |
| Finapierre   | France      |            |            |              |      |            |            |              | S3   |
| Fischer Francis Trees & Wats Inc.  | U.S.A.      | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Fischer Francis Trees & Wats Ltd.  | UK          |            |            |              |      |            |            |              | S1   |
| Fischer Francis Trees & Wats Singapore Ltd                                 | Singapore   |            |            |              | S4   | Equity *   | 100%       | 90.5%        |      |
| Fischer Francis Trees & Wats UK  | UK          |            |            |              |      |            |            |              | S1   |
| Fischer Francis Trees & Wats UK Ltd  | UK          | Equity *   | 100%       | 90.5%        | D1   | Full       | 100%       | 90.5%        |      |
| Fund Channel   | Luxembourg  | Equity *   | 50.0%      | 45.2%        |      | Equity *   | 50.0%      | 45.2%        |      |
| FundQuest  | France      | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        |      |
| FundQuest Inc.   | U.S.A.      |            |            |              |      |            |            |              | S2   |
| FundQuest UK Ltd.  | UK          | Full       | 100%       | 90.5%        |      | Full       | 100%       | 90.5%        | E1   |
| Hailong - Fortis Private Equity Fund Management Co. Ltd.                   | China       | Equity     | 33.0%      | 29.9%        |      | Equity     | 33.0%      | 29.9%        |      |
| HFT Investment Management Co Ltd - Groupe Impax Asset Management Group PLC | China       | Equity     | 49.0%      | 44.4%        |      | Equity     | 49.0%      | 44.4%        |      |
| Impax Asset Management Group PLC   | UK          |            |            |              | S3   | Equity     | 27.9%      | 25.2%        |      |
| Industrifinans Forskningsparken Eilandom AS                                | Norway      |            |            |              |      |            |            |              | S1   |
| KIT Fortis Investment Management   | Kazakhstan  |            |            |              |      |            |            |              | S1   |
| Overlay Asset Management   | France      |            |            |              |      |            |            |              | S3   |
| PT. BNP Paribas Investment Partners  | Indonesia   | Full       | 99.0%      | 89.6%        |      | Full       | 99.0%      | 89.6%        |      |
| Shinan BNP Paribas Asset Management Co Ltd                                 | South Korea | Prop.      | 35.0%      | 31.7%        |      | Prop.      | 35.0%      | 31.7%        |      |
| THEAM  | France      | Full       | 100%       | 90.6%        |      | Full       | 100%       | 90.6%        | V2   |
| TBK BNP Paribas Investment Partners Holding BV                             | Netherlands | Equity     | 50.0%      | 45.3%        |      | Equity     | 50.0%      | 45.3%        |      |
| <b>Securities services</b>   |             |            |            |              |      |            |            |              |      |
| BNP Paribas Fin' AMS   | France      | Full (1)   | 100%       | 100%         |      | Full (1)   | 100%       | 100%         |      |
| BNP Paribas Dealing Services Asia Ltd. (ex-BNP Paribas Fin' AMS Asia Ltd)  | Hong-Kong   | Full       | 100%       | 100%         | E1   |            |            |              | S3   |
| BNP Paribas Financial Services LLC   | U.S.A.      | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         | E1   |
| BNP Paribas Fund Services Australasia Pty Ltd.                             | Australia   | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Fund Services Dublin Ltd.                                      | Ireland     | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         | D1   |
| BNP Paribas Fund Services France   | France      | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Fund Services Securites Pty                                    | Australia   | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         | E1   |
| BNP Paribas Securites Services - BP2S                                      | France      | Full (1)   | 100%       | 100%         |      | Full (1)   | 100%       | 100%         |      |
| BNP Paribas Securites Services (Holdings) Ltd.                             | Jersey      | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Sundaram GSO Private Ltd                                       | India       | Equity *   | 51.0%      | 51.0%        | E1   |            |            |              |      |
| BNP Paribas Trust Company (Guernsey) Ltd.                                  | Guernsey    | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         |      |
| <b>Real Estate Services</b>  |             |            |            |              |      |            |            |              |      |
| Asset Partenaires  | France      | Full       | 100%       | 96.8%        |      | Full       | 100%       | 96.8%        |      |
| Alsreal Netherlands BV   | Netherlands | Full       | 100%       | 100%         | E1   |            |            |              |      |
| Auguste Thouard Expertise  | France      | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Immobilier Promotion Immobilier d'Entreprise                   | France      | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Immobilier Residentiel   | France      | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Immobilier Residentiel Promotion Ile de France                 | France      | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Immobilier Residentiel Promotion Mediterranee                  | France      |            | S4         | Full         | 100% | 100%       |            |              |      |
| BNP Paribas Immobilier Residentiel Promotion Rhone Alpes                   | France      |            | S4         | Full         | 100% | 100%       |            |              |      |
| BNP Paribas Immobilier Residentiel Promotion Sud Ouest                     | France      |            | S4         | Full         | 100% | 100%       |            |              |      |
| BNP Paribas Immobilier Residentiel Promotion Var                           | France      |            |            |              |      |            |            |              | S4   |
| BNP Paribas Immobilier Residentiel Residences Services                     | France      |            | S4         | Full         | 100% | 100%       |            |              |      |
| BNP Paribas Immobilier Residentiel Residences Services BSA                 | France      | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |

| Name  | Country              | 31/12/2012 |            |              |      | 31/12/2011 |            |              |      |
|---|----------------------|------------|------------|--------------|------|------------|------------|--------------|------|
|   |                      | Method     | Voting (%) | Interest (%) | Ref. | Method     | Voting (%) | Interest (%) | Ref. |
| <b>Real Estate Services (cont'd)</b>  |                      |            |            |              |      |            |            |              |      |
| BNP Paribas Immobilier Residentiel Residences Services Sofiane                        | France               |            |            |              | S4   | Full       | 100%       | 100%         |      |
| BNP Paribas Immobilier Residentiel Service Clients                                    | France               | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Immobilier Residentiel Transaction & Conseil                              | France               | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Immobilier Residentiel V2i  | France               | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate   | France               | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Advisory Belgium SA   | Belgium              | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Advisory Italy SPA  | Italy                | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP PB Real Estate Advisory & Property Management Czech Republic SRO                  | Czech Republic       | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         | E3   |
| BNP PB Real Estate Advisory & Property Management Hungary Ltd.                        | Hungary              | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         | E3   |
| BNP PB Real Estate Advisory & Property Management Ireland Ltd.                        | Ireland              | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Advisory & Property Management LLC                            | United Arab Emirates | Full       | 49.0%      | 49.0%        |      | Full       | 49.0%      | 49.0%        |      |
| BNP Paribas Real Estate Advisory & Property Management Luxembourg SA                  | Luxembourg           | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Advisory & Property Management Poland SP ZOO                  | Poland               | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         | E3   |
| BNP Paribas Real Estate Advisory & Property Management UK Ltd.                        | UK                   | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Advisory Spain SA   | Spain                | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Consult France  | France               | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Consult GmbH  | Germany              | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Facilities Management Ltd.                                    | UK                   | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Financial Partner   | France               | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate GmbH  | Germany              | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Holding Benelux SA  | Belgium              | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Holding GmbH  | Germany              | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Hotels France   | France               | Full       | 100%       | 96.1%        |      | Full       | 96.4%      | 96.0%        |      |
| BNP Paribas Real Estate & Infrastructure Advisory Service Private Ltd.                | India                | Full       | 71.1%      | 71.1%        |      | Full       | 71.1%      | 71.1%        | V1   |
| BNP Paribas Real Estate Investment Management   | France               | Full       | 96.8%      | 96.8%        |      | Full       | 96.8%      | 96.8%        |      |
| BNP Paribas Real Estate Investment Management Belgium                                 | Belgium              | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Investment Management Italy                                   | Italy                | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Investment Management Ltd.                                    | UK                   | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Investment Management Luxembourg SA                           | Luxembourg           | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Investment Management Spain SA                                | Spain                | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         | E2   |
| BNP Paribas Real Estate Investment Management UK Ltd.                                 | UK                   | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Investment Services France                                    | France               | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Italy SRL (ex-BNP Paribas Real Estate Services Holding Italy) | Italy                | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Jersey Ltd.   | Jersey               | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Project Solutions GmbH  | Germany              |            |            |              |      |            |            |              | S4   |
| BNP Paribas Real Estate Property Development Italy SPA                                | Italy                | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Property Development UK Ltd.                                  | UK                   | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         | E2   |
| BNP Paribas Real Estate Property Management Belgium                                   | Belgium              | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Property Management France SAS                                | France               | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Property Management GmbH                                      | Germany              | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Property Management International                             | France               |            |            |              |      |            |            |              | S4   |
| BNP Paribas Real Estate Property Management Italy S.r.l.                              | Italy                | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Property Management Spain SA                                  | Spain                | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Real Estate Transaction France  | France               | Full       | 96.4%      | 96.1%        |      | Full       | 96.4%      | 96.0%        |      |
| BNP Paribas Real Estate Valuation France  | France               | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| F G Ingenierie et Promotion Immobiliere   | France               | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| European Direct Property Management SA  | Luxembourg           | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Immobiliere des Bergues   | France               | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Meunier Hispania  | Spain                | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Newport Management SAS  | France               |            |            |              |      |            |            |              | S4   |
| Partner's & Services  | France               | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Pyrotex GB 1 SA   | Luxembourg           | Full       | 100%       | 100%         | E1   |            |            |              |      |
| Pyrotex SARL  | Luxembourg           | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| S.C BNP Paribas Real Estate Advisory S.A  | Romania              | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         | V1   |
| Sesame Conseil SAS  | France               | Full       | 95.3%      | 95.3%        |      | Full       | 95.3%      | 95.3%        |      |
| Siege Issy  | France               | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         | E2   |
| Tasaciones Hipotecarias SA  | Spain                | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Weatheralls Consultancy Services Ltd.   | UK                   |            |            |              | S1   | Full       | 100%       | 100%         |      |
| <b>Special Purpose Entities</b>   |                      |            |            |              |      |            |            |              |      |
| Construction-Sale companies   | France               | Full/Prop. | D2         | -            | -    | E1         |            |              |      |
| Sviluppo Residenziale Italia SRL  | Italy                | Full       | -          | -            | -    | E1         |            |              |      |
| Via Crespi 26 SRL   | Italy                | Full       | -          | -            | -    |            | Full       | -            | -    |

**Changes in the scope of consolidation**



| Name   | Country        | 31/12/2012 |            |              |       | 31/12/2011 |            |              |       |    |
|--|----------------|------------|------------|--------------|-------|------------|------------|--------------|-------|----|
|  |                | Method     | Voting (%) | Interest (%) | Ref.  | Method     | Voting (%) | Interest (%) | Ref.  |    |
| <b>Corporate and Investment Banking</b>        |                |            |            |              |       |            |            |              |       |    |
| <b>France</b>                                  |                |            |            |              |       |            |            |              |       |    |
| BNP Paribas Arbitrage                          | France         | Full       | (1)        | 100%         | 100%  | Full       | (1)        | 100%         | 100%  |    |
| BNP Paribas Equities France                    | France         | Full       | (1)        | 100%         | 100%  | Full       | (1)        | 100%         | 100%  |    |
| Esomet   | France         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| Lafite Participatlon 22                        | France         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| Paribas Dérivés Garantis Snc                   | France         |            |            |              |       |            |            |              | S4    |    |
| Parifergie                                     | France         | Full       | (1)        | 100%         | 100%  | Full       | (1)        | 100%         | 100%  |    |
| Parisease                                      | France         | Full       | (1)        | 100%         | 100%  | Full       | (1)        | 100%         | 100%  |    |
| Talbout Participatlon 3 Snc                    | France         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| <b>Europe</b>                                  |                |            |            |              |       |            |            |              |       |    |
| Alpha Murcia Holding BV                        | Netherlands    | Equity *   |            | 100%         | 74.9% | E2         |            |              |       |    |
| BNP Paribas Arbitrage Issuance BV              | Netherlands    | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Bank NV                            | Netherlands    | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Capital Investments Ltd.           | UK             |            |            |              |       |            |            |              | S3    |    |
| BNP Paribas CMG Ltd.                           | UK             |            |            |              |       |            |            |              | S3    |    |
| BNP Paribas Commodity Futures Ltd.             | UK             | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Cyprus Ltd.                        | Cyprus         |            |            |              |       |            |            |              | S3    |    |
| BNP Paribas E & B Ltd.                         | UK             |            |            |              |       |            |            |              | S3    |    |
| BNP Paribas Emission-und Handel GmbH           | Germany        | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Ireland                            | Ireland        | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Islamic Issuance BV                | Netherlands    | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Net Ltd.                           | UK             | Equity *   |            | 100%         | 100%  | E1         |            |              | S3    |    |
| BNP Paribas UK Holdings Ltd.                   | UK             | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas UK Ltd.                            | UK             | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Varty Reinsurance Ltd.             | Ireland        | Full       | (3)        | 100%         | 100%  | Full       | (3)        | 100%         | 100%  |    |
| BNP Paribas ZAO                                | Russia         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP PUK Holding Ltd.                           | UK             | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| Canomile Investments UK Ltd.                   | UK             |            |            |              |       |            |            |              | S3    |    |
| Capstar Partners Ltd.                          | UK             |            |            |              |       |            |            |              | S3    |    |
| FB Energy Trading S.A.R.L.                     | Luxembourg     |            |            |              |       |            |            |              | S3    |    |
| Fidex Holdings Ltd.                            | UK             |            |            |              |       |            |            |              | S3    |    |
| Fortis International Finance (Dublin)          | Ireland        |            |            |              |       |            |            |              | S3    |    |
| Fortis International Finance Luxembourg SARL   | Luxembourg     |            |            |              |       |            |            |              | S1    |    |
| Fortis Proprietary Investment Ireland Ltd.     | Ireland        |            |            |              |       |            |            |              | S3    |    |
| G I Finance                                    | Ireland        |            |            |              |       |            |            |              | S3    |    |
| GreenStars BNP Paribas                         | Luxembourg     | Equity *   |            | 100%         | 100%  | E1         |            |              |       |    |
| Harewood Holdings Ltd.                         | UK             | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| Landspire Ltd.                                 | UK             | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| Money Alpha                                    | France         |            |            |              |       |            |            |              | S1    |    |
| Money Beta                                     | France         |            |            |              |       |            |            |              | S1    |    |
| Paribas Trust Luxembourg SA                    | Luxembourg     | Full       |            | 100%         | 53.4% |            |            |              |       |    |
| SC Nueva Condo Murcia SL                       | Spain          | Equity *   |            | 100%         | 74.9% | E2         |            |              |       |    |
| Ulexam Logistics Ltd.                          | Ireland        | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| Ulexam Solutions Ltd.                          | Ireland        | Full       |            | 100%         | 100%  | E1         |            |              |       |    |
| Verner Investments (Groupe)                    | France         | Equity     |            | 40.0%        | 50.0% | Equity     |            | 40.0%        | 50.0% |    |
| <b>Americas</b>                                |                |            |            |              |       |            |            |              |       |    |
| ACG Capital Partners II LLC                    | U.S.A.         |            |            |              |       | Prop.      |            | 50.0%        | 50.0% | E1 |
| Banco BNP Paribas Brasil SA                    | Brazil         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| Banexi Holding Corporation                     | U.S.A.         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Canada                             | Canada         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Capital Corporation Inc.           | U.S.A.         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Capital Services Inc.              | U.S.A.         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Capstar Partners Inc.              | U.S.A.         |            |            |              |       |            |            |              | S4    |    |
| BNP Paribas Colombia Corporation Financiera SA | Colombia       | Equity *   |            | 100%         | 100%  | E1         |            |              |       |    |
| BNP Paribas Commodity Futures Inc.             | U.S.A.         |            |            |              |       |            |            |              | S4    |    |
| BNP Paribas Energy Trading Canada Corp         | Canada         | Equity *   |            | 100%         | 100%  | D1         |            |              |       |    |
| BNP Paribas Energy Trading GP                  | U.S.A.         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Energy Trading Holdings, Inc.      | U.S.A.         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Energy Trading LLC                 | U.S.A.         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas FS LLC                             | U.S.A.         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Leasing Corporation                | U.S.A.         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Mortgage Corporation               | U.S.A.         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas North America Inc.                 | U.S.A.         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Prime Brokerage Inc.               | U.S.A.         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Prime Brokerage International Ltd. | Cayman Islands | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas RCC Inc.                           | U.S.A.         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Securities Corporation             | U.S.A.         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| Canomile Canopia Trading (UK) Ltd.             | Cayman Islands |            |            |              |       |            |            |              | S2    |    |
| Canomile Ustler Investments (UK) Ltd.          | Cayman Islands |            |            |              |       |            |            |              | S3    |    |
| Capstar Partners LLC                           | U.S.A.         |            |            |              |       |            |            |              | S4    |    |
| CooperNet Group Inc.                           | U.S.A.         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| Cronos Holding Company Ltd. (Groupe)           | Bermuda        | Equity     |            | 30.0%        | 22.5% | Equity     |            | 30.0%        | 22.5% |    |
| FB Holdings Canada Corp                        | Canada         |            |            |              |       |            |            |              | S3    |    |
| FB Transportation Capital LLC                  | U.S.A.         | Full       |            | 100%         | 74.9% | Full       |            | 100%         | 74.9% |    |
| Fortis Funding LLC                             | U.S.A.         | Full       |            | 100%         | 74.9% | Full       |            | 100%         | 74.9% |    |
| Fortis Proprietary Capital Inc.                | U.S.A.         |            |            |              |       |            |            |              | S1    |    |
| French American Banking Corporation - F.A.B.C  | U.S.A.         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| FSI Holdings Inc.                              | U.S.A.         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| Paribas North America Inc.                     | U.S.A.         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| Paribas Participatlon Limbe                    | Canada         |            |            |              |       |            |            |              | S1    |    |
| Pellets Champs Participacoes e Servicos SA     | Brazil         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| RFH Ltd.                                       | Bermuda        | Equity *   |            | 100%         | 74.7% | Equity *   |            | 100%         | 74.7% |    |
| SDI Media Central Holdings Corp.               | U.S.A.         | Equity *   |            | 100%         | 100%  | Equity *   |            | 100%         | 100%  |    |
| TAP Ltd  | Bermuda        |            |            |              |       |            |            |              | S2    |    |
| TCG Fund I, LP                                 | Cayman Islands | Full       |            | 99.7%        | 74.7% | Full       |            | 99.7%        | 74.7% |    |
| Textainer Marine Containers Ltd.               | Bermuda        |            |            |              |       |            |            |              | S2    |    |
| Via North America, Inc.                        | U.S.A.         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |

| Name  | Country        | 31/12/2012 |            |              |       | 31/12/2011 |            |              |       |    |
|---|----------------|------------|------------|--------------|-------|------------|------------|--------------|-------|----|
|   |                | Method     | Voting (%) | Interest (%) | Ref.  | Method     | Voting (%) | Interest (%) | Ref.  |    |
| <b>Asia - Oceania</b>                                       |                |            |            |              |       |            |            |              |       |    |
| ACG Capital Partners Singapore Pte. Ltd                     | Singapore      | Prop.      |            | 50.0%        | 50.0% | Prop.      |            | 50.0%        | 50.0% | E1 |
| BNP Pacific (Australia) Ltd.                                | Australia      | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas (China) Ltd.                                    | China          | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Arbitrage (Hong-Kong) Ltd.                      | Hong-Kong      | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Capibeli (Asia Pacific) Ltd.                    | Hong-Kong      | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Capibeli (Singapore) Ltd.                       | Singapore      |            |            |              |       |            |            |              | S3    |    |
| BNP Paribas Finance (Hong-Kong) Ltd.                        | Hong-Kong      | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Futures (Hong-Kong) Ltd.                        | Hong-Kong      |            |            |              |       |            |            |              | S3    |    |
| BNP Paribas India Holding Private Ltd.                      | India          | Full       |            | 100%         | 100%  | E1         |            |              |       |    |
| BNP Paribas India Solutions Private Ltd.                    | India          | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Japan Ltd.                                      | Japan          | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Malaysia Berhad                                 | Malaysia       | Full       |            | 100%         | 100%  | E1         |            |              |       |    |
| BNP Paribas Principal Investments Japan Ltd.                | Japan          | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Securities (Asia) Ltd.                          | Hong-Kong      | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Securities India Private Ltd.                   | India          | Full       |            | 100%         | 95.2% | V1         |            | 100%         | 66.8% |    |
| BNP Paribas Securities (Japan) Ltd.                         | Hong-Kong      | Equity *   |            | 100%         | 100%  | D1         |            | 100%         | 100%  |    |
| BNP Paribas Securities (Japan) Ltd.                         | Japan          | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Securities (Taiwan) Co Ltd.                     | Taiwan         | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Securities Korea Company Ltd.                   | South Korea    | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BNP Paribas Securities (Singapore) Pte Ltd.                 | Singapore      | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| BPP Holdings Pte Ltd.                                       | Singapore      | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| Paribas Asia Equity Ltd.                                    | Hong-Kong      |            |            |              |       |            |            |              | S3    |    |
| PT Bank BNP Paribas Indonesia                               | Indonesia      | Full       |            | 100%         | 100%  | Full       |            | 100%         | 100%  |    |
| PT BNP Paribas Secures Indonesia                            | Indonesia      | Full       |            | 99.0%        | 99.0% | Full       |            | 99.0%        | 99.0% |    |
| <b>Middle East</b>  |                |            |            |              |       |            |            |              |       |    |
| BNPP Investment Company KSA                                 | Saudi Arabia   | Equity *   |            | 100%         | 100%  | Equity *   |            | 100%         | 100%  | E1 |
| <b>Special Purpose Entities</b>                             |                |            |            |              |       |            |            |              |       |    |
| 54 Lombard Street Investments Ltd.                          | UK             | Full       |            | -            | -     | Full       |            | -            | -     |    |
| Alamo Funding II Inc.                                       | U.S.A.         | Full       |            | -            | -     | E1         |            | -            | -     |    |
| Alandes BV  | Netherlands    | Full       |            | -            | -     | Full       | (2)        | -            | -     |    |
| Alegra Finance PLC  | Ireland        | Full       |            | -            | -     | Full       |            | -            | -     |    |
| Arfin Participatlon 8                                       | France         | Full       |            | -            | -     | Full       |            | -            | E2    |    |
| APAC NZ Holdings Ltd.                                       | New Zealand    |            |            |              |       | S3         |            |              |       |    |
| Aquarius Capital Investments Ltd.                           | Ireland        | Full       |            | -            | -     | Full       |            | -            | -     |    |
| ARV International Ltd.                                      | Cayman Islands |            |            |              |       | S3         |            |              |       |    |
| Astr BV   | Netherlands    | Full       |            | -            | -     | Full       |            | -            | -     |    |
| Atergals  | France         | Full       |            | -            | -     | Full       |            | -            | -     |    |
| Aura Capital Investment SA                                  | Luxembourg     |            |            |              |       | S1         |            |              |       |    |
| Austin Finance  | France         | Full       |            | -            | -     | Full       |            | -            | -     |    |
| Black Kite Investment Ltd.                                  | Ireland        |            |            |              |       | S1         |            |              |       |    |
| BNP Paribas Complex Fundo de Investimnto Mullermercado      | Brazil         | Full       |            | -            | -     | Full       |            | -            | -     |    |
| BNP Paribas EQD Brazil Fundo Invest Mullermercado           | Brazil         | Full       |            | -            | -     | Full       |            | -            | -     |    |
| BNP Paribas Finance Inc.                                    | U.S.A.         | Full       |            | -            | -     | Full       |            | -            | -     |    |
| BNP Paribas Proprietario Fundo de Investimnto Mullermercado | Brazil         | Full       |            | -            | -     | Full       |            | -            | -     |    |
| BNP Paribas VPG Adonis LLC                                  | U.S.A.         | Full       |            | -            | -     | Full       |            | -            | E2    |    |
| BNP Paribas VPG Brooklyn LLC                                | U.S.A.         | Full       |            | -            | -     | Full       |            | -            | E2    |    |
| BNP Paribas VPG Brookline Cre. LLC                          | U.S.A.         | Full       |            | -            | -     | Full       |            | -            | -     |    |
| BNP Paribas VPG BMC Sealed LLC                              | U.S.A.         | Full       |            | -            | -     | Full       |            | -            | E2    |    |
| BNP Paribas VPG CB Lender LLC                               | U.S.A.         | Full       |            | -            | -     | Full       |            | -            | E2    |    |
| BNP Paribas VPG CT Holdings LLC                             | U.S.A.         | Full       |            | -            | -     | Full       |            | -            | E2    |    |
| BNP Paribas VPG Freedom Communications LLC                  | U.S.A.         | Full       |            | -            | -     | Full       |            | -            | E2    |    |
| BNP Paribas VPG Lake Butler LLC                             | U.S.A.         | Full       |            | -            | -     | Full       |            | -            | E2    |    |
| BNP Paribas VPG Legacy Cabinets LLC                         | U.S.A.         | Full       |            | -            | -     | Full       |            | -            | E2    |    |
| BNP Paribas VPG Mark IV LLC                                 | U.S.A.         | Full       |            | -            | -     | Full       |            | -            | E2    |    |
| BNP Paribas VPG Master LLC                                  | U.S.A.         | Full       |            | -            | -     | Full       |            | -            | -     |    |
| BNP Paribas VPG Medianews Group LLC                         | U.S.A.         | Full       |            | -            | -     | Full       |            | -            | E2    |    |
| BNP Paribas VPG MGM LLC                                     | U.S.A.         | Full       |            | -            | -     | Full       |            | -            | -     |    |
| BNP Paribas VPG Modern Luxury Media LLC                     | U.S.A.         | Full       |            | -            | -     | Full       |            | -            | E2    |    |
| BNP Paribas VPG Northstar LLC                               | U.S.A.         | Full       |            | -            | -     | Full       |            | -            | E2    |    |
| BNP Paribas VPG PCMC LLC                                    | U.S.A.         | Full       |            | -            | -     | Full       |            | -            | E2    |    |
| BNP Paribas VPG Reader's Digest Association LLC             | U.S.A.         | Full       |            | -            | -     | Full       |            | -            | E2    |    |
| BNP Paribas VPG RHI Holdings LLC                            | U.S.A.         | Full       |            | -            | -     | Full       |            |              |       |    |



| Name  | Country        | 31/12/2012 |            |              |      | 31/12/2011 |            |              |      |
|---|----------------|------------|------------|--------------|------|------------|------------|--------------|------|
|   |                | Method     | Voting (%) | Interest (%) | Ref. | Method     | Voting (%) | Interest (%) | Ref. |
| <b>Special Purpose Entities (cont'd)</b>                |                |            |            |              |      |            |            |              |      |
| Leveraged Finance Europe Capital V BV                   | Netherlands    | Full       | -          | -            |      | Full       | -          | -            |      |
| Liquidly Ltd.   | Cayman Islands |            |            |              | S3   | Full       | -          | -            |      |
| Marc Finance Ltd.                                       | Cayman Islands | Full       | -          | -            |      | Full       | -          | -            |      |
| Méditerranée  | France         | Full       | -          | -            |      | Full       | -          | -            |      |
| Omega Capital Investments PLC                           | Ireland        | Full       | -          | -            |      | Full       | -          | -            |      |
| Omega Capital Europe PLC                                | Ireland        | Full       | -          | -            |      | Full       | -          | -            |      |
| Omega Capital Funding Ltd.                              | Ireland        | Full       | -          | -            |      | Full       | -          | -            |      |
| Optichamps  | France         | Full       | -          | -            |      | Full       | -          | -            |      |
| Participations Opéra                                    | France         | Full       | -          | -            |      | Full       | -          | -            |      |
| Reconfiguration BV                                      | Netherlands    |            |            |              | S3   | Full       | (2)        | -            |      |
| Renaissance Fund III                                    | Japan          | Equity *   | -          | -            |      | Equity *   | -          | -            | D1   |
| Renaissance Fund IV                                     | Japan          |            |            |              |      |            |            |              | S1   |
| Ribera del Lora Arbitrage                               | Spain          | Full       | -          | -            |      | Full       | -          | -            |      |
| Royale Neuve I Sarl                                     | Luxembourg     | Full       | -          | -            |      | Full       | -          | -            |      |
| Royale Neuve II Sarl                                    | Luxembourg     | Full       | -          | -            |      | Full       | -          | -            |      |
| Royale Neuve V Sarl                                     | Luxembourg     |            |            |              | S3   | Full       | -          | -            |      |
| Royale Neuve VI Sarl                                    | Luxembourg     |            |            |              | S3   | Full       | -          | -            |      |
| Royale Neuve VII Sarl                                   | Luxembourg     | Full       | -          | -            |      | Full       | -          | -            | E1   |
| Royale Neuve Finance SARL                               | Luxembourg     |            |            |              | S3   | Full       | -          | -            |      |
| Royale Neuve Investments Sarl                           | Luxembourg     |            |            |              | S1   | Full       | -          | -            |      |
| Scaldis Capital (Ireland) Ltd.                          | Ireland        | Full       | -          | -            |      | Full       | (2)        | -            |      |
| Scaldis Capital Ltd.                                    | Jersey         | Full       | -          | -            |      | Full       | (2)        | -            |      |
| Scaldis Capital LLC                                     | U.S.A.         | Full       | -          | -            |      | Full       | (2)        | -            |      |
| Small (ex- Fortis Bank Reinsurance SA)                  | Luxembourg     | Full       | -          | -            |      | Full       | (3)        | -            | V1   |
| Stadios FCP FIS   | Luxembourg     |            |            |              | S3   | Full       | -          | -            |      |
| Sunny Funding Ltd.                                      | Cayman Islands |            |            |              | S3   | Full       | -          | -            |      |
| Tender Option Bond Municipal program                    | U.S.A.         | Equity *   | -          | -            | D1   | Full       | -          | -            |      |
| Thunderbird Investments PLC                             | Ireland        |            |            |              | S3   | Full       | -          | -            |      |
| <b>Other Activities</b>                                 |                |            |            |              |      |            |            |              |      |
| <b>Private Equity (BNP Paribas Capital)</b>             |                |            |            |              |      |            |            |              |      |
| Cobema  | Belgium        | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Compagnie Financière Ottomane SA                        | Luxembourg     | Full       | 96.9%      | 96.9%        |      | Full       | 96.9%      | 96.9%        |      |
| Erbe  | Belgium        | Equity     | 42.5%      | 42.5%        |      | Equity     | 42.5%      | 42.5%        | V2   |
| Fortis Private Equity Belgium NV                        | Belgium        | Full       | 100%       | 74.9%        |      | Full       | 100%       | 74.9%        |      |
| Fortis Private Equity Expansion Belgium NV              | Belgium        | Full       | 100%       | 74.9%        |      | Full       | 100%       | 74.9%        |      |
| Fortis Private Equity France Fund                       | France         | Full       | 99.9%      | 75.0%        |      | Full       | 99.9%      | 75.0%        |      |
| Fortis Private Equity Venture Belgium SA                | Belgium        | Full       | 100%       | 74.9%        |      | Full       | 100%       | 74.9%        |      |
| Gepeco  | Belgium        | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| <b>Property companies (property used in operations)</b> |                |            |            |              |      |            |            |              |      |
| AnIn Participation 5                                    | France         | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Ejesur SA   | Spain          | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         | D1   |
| Foncière de la Compagnie Bancaire SAS                   | France         |            |            |              | S4   | Full       | 100%       | 100%         |      |
| Noria SAS   | France         |            |            |              |      |            |            |              | S4   |
| Société Immobilière Marché Saint-Honoré                 | France         | Full       | 99.9%      | 99.9%        |      | Full       | 100%       | 100%         |      |
| Société d'Etudes Immobilières de Constructions - Sefc   | France         |            |            |              | S4   | Full       | 100%       | 100%         |      |
| Société Marloise Participations                         | France         | Full       | 100%       | 100%         | E1   |            |            |              |      |
| <b>Investment companies and other subsidiaries</b>      |                |            |            |              |      |            |            |              |      |
| BNL International Investment SA                         | Luxembourg     | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas Home Loan SFH                               | France         | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| BNP Paribas International BV                            | Netherlands    |            |            |              |      |            |            |              | S4   |
| BNP Paribas Méditerranée Innovation & Technologies      | Morocco        | Full       | 100%       | 96.7%        |      | Full       | 100%       | 96.7%        |      |
| BNP Paribas Partners for Innovation (Groupe)            | France         | Equity     | 50.0%      | 50.0%        |      | Equity     | 50.0%      | 50.0%        |      |
| BNP Paribas Public Sector SCF                           | France         | Full (1)   | 100%       | 100%         |      | Full (1)   | 100%       | 100%         |      |
| BNP Paribas SB Re                                       | Luxembourg     | Full (3)   | 100%       | 100%         |      | Full (3)   | 100%       | 100%         |      |
| Compagnie d'Investissements de Paris - C.I.P            | France         | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Financière BNP Paribas                                  | France         | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Financière du Marché Saint-Honoré                       | France         | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| GIE Groupement Auxiliaire de Moyens                     | France         | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Le Sphinx Assurances Luxembourg SA                      | Luxembourg     | Equity *   | 100%       | 100%         |      | Equity *   | 100%       | 100%         |      |
| Loft Beck Ltd.  | Ireland        |            |            |              |      |            |            |              | S3   |
| Margaret Inc.   | U.S.A.         |            |            |              |      |            |            |              | S3   |
| Ornum de Gestion et de Développement Immobilier - OGDl  | France         | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Piagelin - Placement, Gestion, Finance Holding SA       | Luxembourg     | Full       | 100%       | 53.4%        |      | Full       | 100%       | 53.4%        |      |
| Sagp  | Belgium        | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Société Auxiliaire de Construction Immobilière - SACI   | France         | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| Société Orbaisienne de Participations                   | France         | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| UCB Bail 2  | France         | Full       | 100%       | 100%         |      | Full       | 100%       | 100%         |      |
| UCB Entreprises   | France         | Full (1)   | 100%       | 100%         |      | Full (1)   | 100%       | 100%         |      |
| UCB Localball Immobilier 2                              | France         |            |            |              | S3   | Equity *   | 100%       | 100%         |      |
| <b>Special Purpose Entities</b>                         |                |            |            |              |      |            |            |              |      |
| BNP Paribas Capital Trust LLC 6                         | U.S.A.         | Full       | -          | -            |      | Full       | -          | -            |      |
| BNP Paribas Capital Preferred LLC 6                     | U.S.A.         | Full       | -          | -            |      | Full       | -          | -            |      |
| BNP Paribas US Medium Term Notes Program LLC            | U.S.A.         | Full       | -          | -            |      | Full       | -          | -            |      |
| BNP Paribas US Structured Medium Term Notes LLC         | U.S.A.         | Full       | -          | -            |      | Full       | -          | -            |      |
| <b>Klépierre</b>  |                |            |            |              |      |            |            |              |      |
| Klépierre SA (Group)                                    | France         | Equity     | 22.4%      | 22.3%        | D3   | Full       | 57.5%      | 52.0%        |      |

**Changes in the scope of consolidation**

**New entries (R) in the scope of consolidation**

E1 Passing qualifying thresholds as defined by the Group (cf. note 1.b)

E2 Incorporation

E3 Purchase or change of control

**Removals (S) from the scope of consolidation**

S1 Cessation of activity (including dissolution, liquidation)

S2 Disposal, loss of control or loss of significant influence

S3 Entities removed from the scope because < qualifying thresholds (cf. note 1.b)

S4 Merger, Universal transfer of assets and liabilities

**Variations (V) in voting or ownership interest**

V1 Additional purchase

V2 Partial disposal

V3 Dilution

V4 Increase in %

Equity \* Simplified consolidation by the equity method (non-material entities)(cf. note 1.b)

**Miscellaneous**

D1 Consolidation method change not related to fluctuation in voting or ownership interest

D2 111 Construction-Sale Companies (Real Estate programmes) of which 103 fully and 8 proportionally consolidated

D3 The Klepierre group was fully consolidated until 14 March 2012, then, following the partial disposal of the interest of BNP Paribas Group, the Klepierre group has been consolidated under the equity method (cf. note 8.d.).

**Prudential scope of consolidation**

(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.

(2) Entities excluded from prudential scope of consolidation

(3) Entities consolidated under the equity method for prudential purposes



## 8.c CHANGE IN THE GROUP'S INTEREST AND MINORITY INTERESTS IN THE CAPITAL AND RETAINED EARNINGS OF SUBSIDIARIES

### Internal restructuring that led to a change in minority shareholders' interest in the equity of subsidiaries

| In millions of euros   | 31 December 2012             |                    | 31 December 2011             |                    |
|--|------------------------------|--------------------|------------------------------|--------------------|
|  | Attributable to shareholders | Minority interests | Attributable to shareholders | Minority interests |
| Disposal of Fortis Bank SA branches' assets to BNP Paribas SA branches on the same territory | (7)                          | 7                  | (37)                         | 37                 |
| Full disposal of Fortis Capital Corporation and its subsidiaries to Banexi Holding Corp      | -                            | -                  | (30)                         | 30                 |
| Internal disposal of BNP Paribas Leasing Solutions from BNP Paribas SA to BGL BNP Paribas    | 18                           | (18)               | -                            | -                  |
| Other  | (3)                          | -                  | (13)                         | 13                 |
| <b>Total</b>   | <b>8</b>                     | <b>(11)</b>        | <b>(80)</b>                  | <b>80</b>          |

### Acquisitions of additional interests and partial sales of interests leading to changes in minority interests in the equity of subsidiaries

| In millions of euros  | 31 December 2012             |                    | 31 December 2011             |                    |
|---|------------------------------|--------------------|------------------------------|--------------------|
|   | Attributable to shareholders | Minority interests | Attributable to shareholders | Minority interests |
| <b>Fauchier</b><br>In 2010, then 2011, BNP Paribas Investment Partners bought out minority shareholders interests representing 12.5% of the capital, lifting its interest percentage to 100%      |                              |                    | (24)                         | (4)                |
| <b>Findomestic</b><br>BNP Paribas Personal Finance bought out minority shareholders interests representing 25% of the capital, lifting its interest percentage to 100%                            |                              |                    | (291)                        | (337)              |
| <b>Restructuring in Turkey</b><br>BNP Paribas restructured its activities in Turkey then bought a 6% stake in TEB Bank from minority shareholders, lifting its ownership to 56.99% (see note 8.d) |                              |                    | 23                           | (129)              |
| <b>Other</b>  |                              | (4)                |                              | (7)                |
| <b>Total</b>  | <b>-</b>                     | <b>(4)</b>         | <b>(292)</b>                 | <b>(477)</b>       |

In connection with the acquisition of certain entities, the Group has granted minority shareholders put options on their holdings at a predetermined price.

The total value of these obligations, which are recorded as a reduction in shareholders' equity, amounted to EUR 133 million at 31 December 2012, compared with EUR 157 million at 31 December 2011.

On 19 September 2012, Galeries Lafayette announced its intention to exercise its option to sell its interest in LaSer to BNP Paribas Personal Finance, in accordance with the shareholders' agreement entered into with its co-shareholder. BNP Paribas took due note of this decision. To date, neither the price nor the timing have been determined.





## 8.d BUSINESS COMBINATIONS AND LOSS OF CONTROL

### Business combinations and loss of control in 2012

#### Klépierre

BNP Paribas and Simon Property Group signed an agreement on 14 March 2012 relating to the sale by BNP Paribas of 28.7% of the share capital of Klépierre. The disposal enabled BNP Paribas to realise a EUR 1,516 million gain, including a EUR 631 million gain on BNP Paribas' interest after the operation. An additional EUR 227 million gain from internal transactions revaluation is also recognized in net gains on non-current assets. Following this operation, BNP Paribas owns 22.7% of the share capital of Klépierre valued at EUR 1,134 million on 14 March 2012, based on a market price of 26.93 euros per share at the transaction date.

The consolidation of Klépierre under the equity method led the Group to recognise in the profit and loss account a EUR 29 million badwill.

The loss of control over Klépierre leads to EUR 10.4 billion of investment property being removed from the carrying value of investment property assets in the Group's balance sheet.

### Business combinations realised in 2011

| Acquired subsidiaries                | Core Business | Country     | Acquired percentage | In millions of euros |          |                 |   |       |   |        |
|--------------------------------------|---------------|-------------|---------------------|----------------------|----------|-----------------|---|-------|---|--------|
|                                      |               |             |                     | Acquisition price    | Goodwill | Net cash inflow | Key figures on acquisition date                       |       |   |        |
|                                      |               |             |                     |                      |          |                 | Assets  |       | Liabilities                               |        |
| Fortis Commercial Finance Holding NV | RB            | Netherlands | 100%                | 100                  | 9        | (11)            | Loans and receivables due from customers              | 1,458 | Due to financial institutions             | 867    |
|                                      |               |             |                     |                      |          |                 |   |       | Due to customers                          | 463    |
| Fortis Luxembourg Vie                | IS            | Luxembourg  | 16.66%              | 114                  | (1)      | 175             | Financial assets at fair value through profit or loss | 7,280 | Technical reserves of insurance companies | 7,750  |
| BNL Vita                             | IS            | Italy       | 51%                 | 325                  | 120      | (144)           | Financial assets at fair value through profit or loss | 3,555 | Technical reserves of insurance companies | 11,545 |
|                                      |               |             |                     |                      |          |                 | Available-for-sale financial assets                   | 6,979 |   |        |

#### Fortis Commercial Finance

On 10 June 2011, BNP Paribas Fortis and ABN AMRO reached an agreement under which BNP Paribas Fortis acquired the international network of Fortis Commercial Finance, except for its Dutch activities. The assets acquired from Fortis Commercial Finance, a leading factoring company operating in 12 European and Asian countries, were combined with BNP Paribas Factor to serve BNP Paribas' institutional clients in Europe and Asia.

The deal extends the reach of the Group's factoring network to six new countries: the UK, Germany, Poland, Denmark, Luxembourg and Hong Kong. This acquisition makes the Group one of Europe's leading factoring players. Fortis Commercial Finance has been fully consolidated since 4 October 2011, and did not make a material contribution to Group full-year earnings in 2011.

#### BNL Vita

On 22 December 2009, Cardif Assicurazioni, an Italian subsidiary of BNP Paribas, reached an agreement with insurance group Unipol to acquire its 51% stake in their BNL Vita bancassurance joint venture. Since 29 September 2011, the BNP Paribas Group has held 100% of BNL Vita. The application of accounting standards relating to business combinations resulted in the recognition of goodwill when the Group took control of BNL Vita on the Group's total stake in this subsidiary.

BNL Vita was founded in 1987 and is the sixth largest player in the Italian bancassurance market. It distributes its life insurance products through the branch network of BNL, the group's Italian bank.



BNL Vita has been fully consolidated since 30 September 2011, and its contribution to full-year 2011 earnings was not material.

The entity's name was changed into BNP Paribas Cardif Vita Compagnia di Assicurazione e Riassicurazione.

- Cardif Lux International / Fortis Luxembourg Vie SA

On 7 June 2011, Ageas, BGL BNP Paribas and BNP Paribas Cardif signed an agreement to merge Fortis Luxembourg Vie with Cardif Lux International. Ageas and BGL BNP Paribas previously each owned 50% of Fortis Luxembourg Vie (which was accounted for under the equity method by the BNP Paribas Group in line with its 50% stake). BNP Paribas Cardif previously owned 100% of Cardif Lux International (fully consolidated by the BNP Paribas Group). After the transaction, the BNP Paribas Group owned 66.66% of the combined unit, which has been fully consolidated since 31 December 2011.

The business name of the combined unit is Cardif Lux Vie, which is now a major player in the distribution of life insurance and protection insurance in the Luxemburgian market.

- TEB Bank

Following the acquisition of Fortis Banque SA, an agreement foreseeing the merger of TEB and Fortis Bank Turkey was reached between BNP Paribas, the Colakoglu group (co- shareholder of TEB since 2005) and BNP Paribas Fortis. The merger of the two entities was approved by the General Shareholders' Meetings of the two banks the 25 January 2011 and was completed on 14 February. TEB's governance principles were extended to the new entity which is consolidated using the proportional integration method. The Colakoglu group has an option to sell its share in TEB Holding, the holding company controlling TEB, to the BNP Paribas Group at fair value starting from 15 February 2012. This option includes a minimum price on the historical stake of the Colakoglu group of 1,633 million Turkish Lira starting on 1 April 2014.

Through a public tender offer, the BNP Paribas Group also acquired 6% of the quoted shares of the new TEB Bank entity in June 2011.



## 8.e COMPENSATION AND BENEFITS AWARDED TO THE GROUP'S CORPORATE OFFICERS

### REMUNERATION AND BENEFITS POLICY RELATING TO THE GROUP'S CORPORATE OFFICERS

- **Remuneration paid to the Group's corporate officers**

The remuneration paid to the Group's corporate officers is determined by the method recommended by the Compensation Committee and approved by the Board of Directors.

This remuneration includes both a fixed and a variable component, the levels of which are determined using market benchmarks based on surveys of executive remuneration established by specialised firms.

#### **Fixed remuneration**

The fixed annual remuneration of Baudouin Prot, Chairman, amounts to EUR 850,000.

The fixed annual remuneration of Jean-Laurent Bonnafé, Chief Executive Officer was increased from EUR 1,050,000 to EUR 1,250,000 from 1 July 2012.

The fixed annual remuneration of Georges Chodron de Courcel, Philippe Bordenave and François Villeroy de Galhau, Chief Operating Officers, amount respectively to EUR 600,000, EUR 580,000 and EUR 450,000.

#### **Variable remuneration**

The variable portion of corporate officers' compensation is determined on the basis of a target compensation equal to 100% of the fixed remuneration for Baudouin Prot, 150% for Jean-Laurent Bonnafé, Georges Chodron de Courcel and Philippe Bordenave, and 120% for François Villeroy de Galhau. It fluctuates depending on criteria linked to the Group's performance, to the managerial performance of corporate officers and to the Board of Directors' assessment of BNP Paribas' risk and liquidity policy. The variable portion is intended to reflect the effective contribution made by corporate officers to the success of BNP Paribas, in relation to the Chairman, notably in respect of the duties he performs pursuant to the internal rules of the Board of Directors that do not relate exclusively to the organisation and functioning of the Board, and in relation to the Chief Executive Officer and Chief Operating Officers, in respect to their duties as executives of an international financial services group.

- ***Group performance criteria***

Group performance criteria account for 75% of the target variable remuneration and are used to calculate the corresponding portion of the variable remuneration based on the change in the relevant indicators.

- Baudouin Prot, Jean-Laurent Bonnafé and Philippe Bordenave
  - Change in earnings per share (37.5% of the target variable remuneration);
  - Achievement of the Group's budgeted gross operating income (37.5% of the target variable remuneration).
- Georges Chodron de Courcel and François Villeroy de Galhau
  - Change in earnings per share (18.75% of the target variable remuneration);
  - Achievement of the Group's budgeted gross operating income (18.75% of the target variable remuneration);



- Change in net income before tax of businesses for which they are responsible (18.75% of the target variable remuneration);
- Achievement of budgeted gross operating income of businesses for which they are responsible (18.75% of the target variable remuneration).

▪ **Personal objective-based criteria**

Personal objective-based criteria concern managerial performance as assessed by the Board of Directors in terms of foresight, decision-making and leadership skills:

- *foresight*: define a vision, prepare for the future, foster a spirit of innovation, carry out succession planning for and open up the international horizons of senior executives;
- *decision-making*: determine, with the relevant managers, and take the requisite measures for the Group's development, its internal efficiency and the adequacy of its risk management, internal control and capital management policy;
- *leadership*: recognise behaviour consistent with the Group's values (commitment, ambition, creativity, responsiveness). Promote initiative-taking and internal cooperation. Instil a culture of change and performance.

The variable portion of compensation linked to personal criteria is limited to 25% of the target variable compensation.

▪ **Criteria related to the risk and liquidity policy**

The criteria related to the risk and liquidity policy relate solely to the Chief Executive Officer and Chief Operating Officers. The proportion of variable remuneration corresponding to these criteria depends on the achievement of several measurable and predetermined objectives. It may be granted only where

- i. the variable remuneration linked to Group performance indicators is at least equal to the corresponding proportion of the target remuneration;
- ii. the BNP Paribas CDS is ranked among the first third of the lowest CDS of the panel of 21 comparable banks usually published.

In 2012, the Board of Directors ensured that the amount of variable compensation and the sum of all its individual components were consistent with trends in the Group's results and that, in any event, it did not exceed 180% of the fixed remuneration. The Board reported on variable compensation paid to corporate officers at the annual shareholders' meeting.

The Board of Directors decided that 60% of the variable compensation awarded to the corporate officers in 2012 with respect to 2011 would be deferred over three years, with a minimum amount of EUR 300,000 payable in 2013. The deferred portion is subject to a return-on-equity condition, and half of the deferred portion is indexed to the share price. Half of the non-deferred portion was postponed for six months and indexed to the share price.

**Long-term compensation of corporate officers in the event of a rise in the share price**

BNP Paribas' corporate officers did not receive any stock options or performance shares in 2012.

To align the interests of the Group's executives with its long-term business progress, the Board of Directors has introduced a fully conditional compensation scheme, based on the share price over a five-year period. The scheme gives no scope for choosing the payment date, and limits gains.

No compensation will be paid in respect of this scheme if, 5 years after the attribution date, the share price has risen by less than 5%. Even if the share price rises by more than 5%, payment of compensation would be subject to a performance criterion relating to the BNP Paribas share price being achieved each year. According to this condition, the fraction corresponding to the allocation may be maintained, reduced or lost from one year to the next. The amount paid would depend on the increase in the share price over five years. Any increase in the amount paid will be less than any increase in the share price and subject to a cap that would apply if the share price rose sharply.

The carrying value of this contingent long-term compensation at the grant date (3 May 2012) was EUR 228,565 for Baudouin Prot, EUR 311,323 for Jean-Laurent Bonnafé, EUR 205,132 for Georges Chodron de Courcel, EUR 193,561 for Philippe Bordenave, and EUR 108,421 for François Villeroy de Galhau.

- **Post-employment benefits**

**Indemnities or benefits due or likely to become due upon termination or change of offices**

Jean-Laurent Bonnafé, who joined BNP Paribas in 1993 and was appointed Chief Executive Officer on 1 December 2011, agreed to waive his employment contract (effective 1 July 2012) in accordance with the recommendations of the AFEP-MEDEF corporate governance code.

As a result of this decision, apart from the death and disability and health insurance provided under Group plans, he lost the benefits of the collective bargaining agreement and company agreements which he had enjoyed for almost twenty years as an employee and corporate officer (and particularly his rights as regards termination of his employment contract).

In exchange, therefore, the Board authorised a regulated agreement in his favour on 14 December 2012, which will be put to the vote at the annual general meeting held to approve the 2012 financial statements. The agreement sets out the terms and conditions of Jean-Laurent Bonnafé's entitlement to termination benefits should he cease to be Chief Executive Officer:

1. Jean-Laurent Bonnafé will not be entitled to termination benefits in the event of:
  - serious or gross misconduct;
  - failure to meet the performance conditions set out in point 2;
  - voluntary resignation from office.
2. In the event of termination for reasons other than those set out in point 1, Jean-Laurent Bonnafé will be entitled to the following contingent termination benefits:
  - a. if, for at least two of the three years preceding termination, he has achieved at least 80% of the quantitative targets set by the Board of Directors for determining his variable compensation, his termination benefits will be equal to two years of his latest fixed remuneration and target compensation prior to termination;
  - b. if the achievement rate indicated above has not been met but the net income attributable to equity holders is positive in two of the three years preceding termination, his termination benefits will be equal to two years of his compensation due in respect of 2011.



3. If termination occurs during the year before the date on which Jean-Laurent Bonnafé is entitled to retire, his termination benefits will be:
  - limited to half of the benefits as set out above;
  - subject to the same terms and conditions.

Baudouin Prot, Georges Chodron de Courcel, Philippe Bordenave and François Villeroy de Galhau are not entitled to any contractual benefits upon termination of office.

### **Retirement bonuses**

Under an agreement authorised by the Board of Directors and terminating the employment contract of Baudouin Prot, BNP Paribas undertook to pay Mr Prot, when he leaves the Group to take retirement, EUR 150,000 corresponding to the retirement bonus he would have received under the agreement relating to the Banque Nationale de Paris staff provident fund.

Jean-Laurent Bonnafé (Chief Executive Officer) is not entitled to any retirement bonus when he takes retirement, in excess of the termination compensation mentioned above.

Georges Chodron de Courcel, Philippe Bordenave and François Villeroy de Galhau (Chief Operating Officers) are entitled to the standard retirement bonus benefits awarded to all BNP Paribas SA employees according to their initial employment contract.

### **Supplementary pension plans <sup>(1)</sup>**

The defined-benefit plans previously granted to Group executives formerly employed by BNP, Paribas or Compagnie Bancaire have all been converted into top-up type schemes. The amounts allocated to the beneficiaries were fixed when the previous schemes were closed to new entrants.

A similar procedure was applied to Baudouin Prot (Chairman of the board of directors) and Georges Chodron de Courcel (Chief Operating Officer). Pursuant to Article L. 137.11 of the French Social Security Code, Baudouin Prot and Georges Chodron de Courcel now belong to a contingent collective top-up pension plan. Under this plan, their pensions will be calculated (subject to their still being part of the Group on retirement) on the basis of the fixed and variable remuneration received in 1999 and 2000, with no possibility of acquiring any subsequent rights.

The amount of retirement benefits, including the pensions paid out by the general French Social Security scheme and the ARRCO and AGIRC top-up schemes, plus any additional banking industry pension arising from the industry-wide agreement that took effect on 1 January 1994 and pension rights acquired as a result of payments by the employer into top-up funded schemes, is capped at 50% of the above-mentioned remuneration amounts.

These retirement benefits will be revalued from 1 January 2002 until their actual payment date, based on the average annual rate of increase in pension benefits paid by the French Social Security, ARRCO and AGIRC schemes. The increase in potential pension rights for 2012 will be limited to the effects of this revaluation. On payment of the benefits, the top-up pensions will be equal to the differential between these revalued amounts and the pension benefits provided by the above-mentioned general and top-up schemes. Once the amount of these top-up benefits has been finally determined, the benefit will then be indexed to the growth rate in the benefit value per point under the AGIRC scheme.

These obligations were covered by provisions recorded by Banque Nationale de Paris. The amount of these provisions was adjusted when these legacy plans were closed and the obligations transferred to an external insurance company.

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<sup>(1)</sup> AFEP-MEDEF corporate governance code (point 20-2-5).



The benefits deriving from the pension schemes described above have always been taken into account by the Board of Directors when determining the overall remuneration of corporate officers. During 2009, the Board of Directors formally recorded that this plan was compliant with the provisions of the AFEP-MEDEF corporate governance code.

The Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officers belong to the defined-contribution pension plan set up for all BNP Paribas SA employees, in accordance with Article 83 of the French General Tax Code. The amount of contributions paid by the company in 2012 was EUR 400 per beneficiary.

**Welfare benefit plans**

The Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officers are entitled to the same flexible welfare benefits (death and disability cover, as well as the common healthcare benefit scheme) as all BNP Paribas SA employees and corporate officers.

They are also entitled to the same benefits under the Garantie Vie Professionnelle Accidents death/disability cover plan as all BNP Paribas SA employees, and to the supplementary plan set up for members of the Group’s Executive Committee, which pays out additional capital of EUR 1.10 million in the event of work-related death or total and permanent disability.

| Group corporate officers<br>at 31 December 2012 | Employment contract |                  | Top-up pension plan |    | Indemnities and benefits due or likely to become due upon termination or change of offices |    | Payment under a no-compete clause |    |
|---|---------------------|------------------|---------------------|----|--|----|-----------------------------------|----|
|   | Yes                 | No               | Yes                 | No | Yes  | No | Yes                               | No |
| Baudouin PROT                                   |                     | ✓                | ✓                   |    |  | ✓  |                                   | ✓  |
| Jean -Laurent BONNAFE                           |                     | ✓ <sup>(1)</sup> | ✓ <sup>(2)</sup>    |    | ✓ <sup>(3)</sup>   |    |                                   | ✓  |
| Georges CHODRON de COURCEL                      | ✓                   |                  | ✓                   |    |  | ✓  |                                   | ✓  |
| Philippe BORDENAVE                              | ✓                   |                  | ✓ <sup>(2)</sup>    |    |  | ✓  |                                   | ✓  |
| François VILLEROY de GALHAU                     | ✓                   |                  | ✓ <sup>(2)</sup>    |    |  | ✓  |                                   | ✓  |

<sup>(1)</sup> Employment contract waived effective 1 July 2012.

<sup>(2)</sup> Jean-Laurent Bonnafé, Philippe Bordenave and François Villeroy de Galhau are only entitled to the defined-contribution plan set up for all BNP Paribas SA employees and corporate officers, in accordance with Article 83 of the French General Tax Code.

<sup>(3)</sup> See above, Indemnities and benefits due or likely to become due upon termination or change of offices.



The table below shows gross remuneration payable for the year to 31 December 2012, including directors' fees and benefits in kind of the same period.

| Compensation payable for 2012<br>In euros   | Compensation           |                                     |                        | Directors' fees <sup>(3)</sup> | Benefits in kind <sup>(5)</sup> | TOTAL<br>Compensation <sup>(6)</sup> |
|---|------------------------|-------------------------------------|------------------------|--------------------------------|---------------------------------|--------------------------------------|
|   | Fixed <sup>(1)</sup>   | Variable                            |                        |                                |                                 |                                      |
|   |                        | paid in 2013                        | Deferred               |                                |                                 |                                      |
| <b>Baudouin PROT</b>  |                        |                                     |                        |                                |                                 |                                      |
| Chairman of the Board of Directors<br>(for 2011)                                    | 850,000<br>(941,667)   | 330,000<br>(471,970) <sup>(2)</sup> | 495,000<br>(707,956)   | 93,010<br>(91,796)             | 3,701<br>(3,926)                | 1,716,404<br>(2,166,394)             |
| <b>Jean-Laurent BONNAFE</b>   |                        |                                     |                        |                                |                                 |                                      |
| Chief Executive Officer<br>(for 2011)   | 1,150,000<br>(820,833) | 672,000<br>(463,106) <sup>(2)</sup> | 1,008,000<br>(694,659) | 143,540<br>(97,087)            | 3,108<br>(3,197)                | 2,870,811<br>(2,020,548)             |
| <b>Georges CHODRON de COURCEL</b>   |                        |                                     |                        |                                |                                 |                                      |
| Chief Operating Officer<br>(for 2011)   | 600,000<br>(600,000)   | 356,000<br>(305,143) <sup>(2)</sup> | 534,000<br>(457,714)   | 98,558<br>(106,133)            | 4,141<br>(4,141)                | 1,494,141<br>(1,366,998)             |
| <b>Philippe BORDENAVE</b>   |                        |                                     |                        |                                |                                 |                                      |
| Chief Operating Officer<br>(for 2011 - Period from 01/12/2011 to 31/12/2011)        | 580,000<br>(48,333)    | 344,000<br>(25,842) <sup>(2)</sup>  | 516,000<br>(38,763)    | 7,500<br><sup>(4)</sup>        | 2,879<br>(13)                   | 1,442,879<br>(112,951)               |
| <b>François VILLEROY de GALHAU</b>  |                        |                                     |                        |                                |                                 |                                      |
| Chief Operating Officer<br>(for 2011 - Period from 01/12/2011 to 31/12/2011)        | 450,000<br>(37,500)    | 300,000<br>(33,321) <sup>(2)</sup>  | 230,000<br>(22,214)    | 86,042<br><sup>(4)</sup>       | 3,114<br>(260)                  | 983,114<br>(93,295)                  |
| Total compensation payable to the Group's corporate officers for 2012<br>(for 2011) |                        |                                     |                        |                                |                                 | 8,507,349<br>(5,760,186)             |

(1) Salary effectively paid in 2012.

(2) These amounts correspond to variable compensation in respect of 2011 and paid in 2012.

(3) Baudouin Prot does not receive any Directors' fees from any Group companies other than from BNP Paribas SA and Erbé. Directors' fees received from Erbé are deducted from his variable compensation.

Jean-Laurent Bonnafé does not receive any Directors' fees from any Group companies other than from BNP Paribas SA, BNP Paribas Fortis, BNL, BNP Paribas Personal Finance and Erbé. The Directors' fees received from BNP Paribas Fortis, BNL, BNP Paribas Personal Finance and Erbé are deducted from his variable compensation.

Georges Chodron de Courcel does not receive any Directors' fees from any Group companies other than from BNP Paribas Suisse, Erbé and BNP Paribas Fortis. The Directors' fees received from these companies are deducted from his variable compensation.

Philippe Bordenave does not receive any Directors' fees from any Group companies other than from BNP Paribas Personal Finance. The Directors' fees received from BNP Paribas Personal Finance are deducted from his variable compensation.

François Villeroy de Galhau does not receive any Directors' fees from any Group companies other than from BGL, BNL, BNP Paribas Fortis, BNP Paribas Leasing Solutions and Cortal Consors. The Directors' fees received from these companies are deducted from his variable compensation.

(4) Philippe Bordenave and François Villeroy de Galhau did not receive any Directors' fees between 1 December 2011, the start date of their term of office, and 31 December 2011.

(5) 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.

(6) Total compensation after deduction of Directors' fees from variable compensation.





The table below shows gross remuneration paid in 2012, including directors' fees and benefits in kind of the same period.

| Compensation paid in 2012<br>In euros  | Compensation                  |  | Directors' fees            | Benefits in kind        | TOTAL<br>Compensation           |
|--|-------------------------------|--|----------------------------|-------------------------|---------------------------------|
|  | Fixed                         | Variable <sup>(1)</sup>                |                            |                         |                                 |
| <b>Baudouin PROT</b>   |                               |  |                            |                         |                                 |
| Chairman of the Board of Directors<br><i>(for 2011)</i>                                | 850,000<br><i>(941,667)</i>   | 819,495<br><i>(799,042)</i>            | 93,010<br><i>(91,796)</i>  | 3,701<br><i>(3,926)</i> | 1,766,206<br><i>(1,836,430)</i> |
| <b>Jean-Laurent BONNAFE</b>  |                               |  |                            |                         |                                 |
| Chief Executive Officer<br><i>(for 2011)</i>   | 1,150,000<br><i>(820,833)</i> | 640,935<br><i>(513,619)</i>            | 143,540<br><i>(97,087)</i> | 3,108<br><i>(3,197)</i> | 1,937,583<br><i>(1,434,736)</i> |
| <b>Georges CHODRON de COURCEL</b>  |                               |  |                            |                         |                                 |
| Chief Operating Officer<br><i>(for 2011)</i>   | 600,000<br><i>(600,000)</i>   | 457,166<br><i>(435,540)</i>            | 98,558<br><i>(106,133)</i> | 4,141<br><i>(4,141)</i> | 1,159,865<br><i>(1,145,814)</i> |
| <b>Philippe BORDENAVE</b>  |                               |  |                            |                         |                                 |
| Chief Operating Officer<br><i>(for 2011 - Period from 01/12/2011 to 31/12/2011)</i>    | 580,000<br><i>(48,333)</i>    | 406,366<br><i>(690) <sup>(2)</sup></i> | 7,500<br><i>-</i>          | 2,879<br><i>(13)</i>    | 996,745<br><i>(49,036)</i>      |
| <b>François VILLEROY de GALHAU</b>   |                               |  |                            |                         |                                 |
| Chief Operating Officer<br><i>(for 2011 - Period from 01/12/2011 to 31/12/2011)</i>    | 450,000<br><i>(37,500)</i>    | 216,815<br><i>(690) <sup>(2)</sup></i> | 86,042<br><i>-</i>         | 3,114<br><i>(260)</i>   | 755,971<br><i>(38,450)</i>      |
| Total compensation paid to the Group's corporate officers in 2012<br><i>(for 2011)</i> |                               |  |                            |                         | 6,616,370<br><i>(4,504,466)</i> |

(1) The amounts shown also include variable compensation itself, exceptional compensation and deductions corresponding to the recovery of Directors' fees.

Baudouin Prot's variable compensation paid in 2012 in respect of 2011 was reduced by EUR 50,920, representing the recovery of Directors' fees received in 2011.

Jean-Laurent Bonnafé's variable compensation paid in 2012 in respect of 2011 was reduced by EUR 58,334 representing the recovery of Directors' fees received in 2011.

Georges Chodron de Courcel's variable compensation paid in 2012 in respect of 2011 was reduced by EUR 106,133, representing the recovery of Directors' fees received in 2011.

Philippe Bordenave's variable compensation paid in 2012 in respect of 2011 was reduced by EUR 6,879, representing the recovery of Directors' fees received in 2011.

François Villeroy de Galhau's variable compensation paid in 2012 in respect of 2011 was reduced by EUR 53,413, representing the recovery of Directors' fees received in 2011.

(2) Bonus received in December 2011 awarded under a company-wide agreement to all BNP Paribas SA full-time employees present for the duration of 2010.

The average payroll tax rate on these compensations in 2012 was 30.5% (32.3% in 2011).

## Benefits awarded to the corporate officers

| Benefits awarded to the Group's corporate officers                      | Year to 31 Dec. 2012 | Year to 31 Dec. 2011 |
|---|----------------------|----------------------|
| <b>Post-employment benefits</b>   |                      |                      |
| Retirement bonuses  |                      |                      |
| <i>Present value of the benefit obligation (payroll taxes excluded)</i> | € 620,247            | € 746,318            |
| Contingent collective defined-benefit top-up pension plan               |                      |                      |
| <i>Total present value of the benefit obligation</i>                    | € 19.01 m            | € 18.5 m             |
| Defined contribution pension plan                                       |                      |                      |
| <i>Contributions paid by the company during the year</i>                | € 2,000              | € 1,588              |
| <b>Welfare benefits</b>   |                      |                      |
| Premiums paid by the company during the year                            | € 23,429             | € 74,263             |



## Director's fees paid to members of the board of directors

| In euros                                 | Director's fees paid in 2012 | Director's fees paid in 2011 |
|--|------------------------------|------------------------------|
| AUGUSTE Patrick <sup>(1)</sup>           |                              | 26,861                       |
| BEBEAR Claude <sup>(2)</sup>             | 31,306                       | 48,009                       |
| BERGER Suzanne <sup>(3)</sup>            |                              | 23,358                       |
| BONNAFE Jean-Laurent                     | 37,703                       | 38,753                       |
| DE CHALENDAR Pierre-André <sup>(4)</sup> | 16,461                       |                              |
| GIANNO Jean-Marie <sup>(5)</sup>         | 10,054                       | 47,034                       |
| GRAPPOTTE François <sup>(3)</sup>        |                              | 45,317                       |
| KESSELER Denis                           | 71,294                       | 74,466                       |
| KUNOVA Meglena                           | 46,203                       | 36,629                       |
| LEPETIT Jean-François                    | 76,177                       | 65,524                       |
| MISSON Nicole                            | 45,489                       | 17,624                       |
| MOUCHARD Thierry <sup>(6)</sup>          | 26,515                       |                              |
| PARISOT Laurence                         | 39,615                       | 41,726                       |
| PEBEREAU Michel                          | 44,859                       | 40,876                       |
| PLOIX H el ene                           | 53,672                       | 45,972                       |
| PROT Baudouin                            | 37,703                       | 40,876                       |
| SCHWEITZER Louis                         | 67,896                       | 60,239                       |
| TILMANT Michel                           | 55,547                       | 56,590                       |
| VAN BROEKHOVEN Emiel                     | 55,547                       | 55,528                       |
| WEBER-REY Daniela                        | 46,522                       | 55,528                       |
| WICKER-MIURIN Fields                     | 52,432                       | 20,597                       |
| <b>Total</b>                             | <b>814,995</b>               | <b>841,507</b>               |

(1) Term of office ended 30 June 2011.

(2) Term of office ended 23 May 2012.

(3) Term of office ended 11 May 2011.

(4) Term of office beginning 23 May 2012.

(5) Term of office ended 15 February 2012.

(6) Term of office beginning 16 February 2012.



• **Stock subscription option plans**

Under the authorisations granted by the Shareholders' General Meetings, BNP Paribas has set up a Global Share-based Incentive Plan, the characteristics of which are decided by the Board of Directors and are described in the note on salaries and employee benefits (share-based payment).

Although the provisions of this programme apply to corporate officers, the Board of Directors did not choose to use it in 2012.

- Options granted and exercised in 2012

| Stock subscription options granted to and/or exercised by the Group's corporate officers | Number of options | Exercise price (in euros) | Grant date | Plan expiry date | Individual allocation valuation |   | Individual allocation as a percentage of share capital |
|--|-------------------|---------------------------|------------|------------------|---------------------------------|---|--|
|  |                   |                           |            |                  | in euros                        | as a percentage of the recognised expense |  |
| <b>Options granted in 2012</b>   | Nil               | -                         | -          | -                | -                               | -   | -  |
| <b>Options exercised in 2012</b>   | Nil               | -                         | -          | -                | -                               | -   | -  |
| <b>Options granted in 2011</b>   | Nil               | -                         | -          | -                | -                               | -   | -  |
| <b>Options exercised in 2011</b>   |                   |                           |            |                  |                                 |   |  |
| Baudouin PROT  | 94,818            | 47.37                     | 15/05/2001 | 14/05/2011       | 0                               |   |  |
| Georges CHODRON de COURCEL   | 4,675             | 35.87                     | 21/03/2003 | 20/03/2013       | 0                               |   |  |

- Summary of compensation and stock options paid to individual corporate officers

| In euros  | 2012             | 2011                          |
|---|------------------|-------------------------------|
| <b>Baudouin PROT</b>                                      |                  |                               |
| Chairman of the Board of Directors                        |                  |                               |
| Remuneration for the year                                 | 1,716,404        | 2,166,394                     |
| Long-term compensation - carrying amount at date of grant | 228,565          | 492,506                       |
| Value of stock options granted during the year            | Nil              | Nil                           |
| <b>TOTAL</b>  | <b>1,944,969</b> | <b>2,658,900</b>              |
| <b>Jean-Laurent BONNAFE</b>                               |                  |                               |
| Chief Executive Officer                                   |                  |                               |
| Remuneration for the year                                 | 2,870,811        | 2,020,548                     |
| Long-term compensation - carrying amount at date of grant | 311,323          | 399,744                       |
| Value of stock options granted during the year            | Nil              | Nil                           |
| <b>TOTAL</b>  | <b>3,182,134</b> | <b>2,420,292</b>              |
| <b>Georges CHODRON de COURCEL</b>                         |                  |                               |
| Chief Operating Officer                                   |                  |                               |
| Remuneration for the year                                 | 1,494,141        | 1,366,998                     |
| Long-term compensation - carrying amount at date of grant | 205,132          | 323,780                       |
| Value of stock options granted during the year            | Nil              | Nil                           |
| <b>TOTAL</b>  | <b>1,699,273</b> | <b>1,690,778</b>              |
| <b>Philippe BORDENAVE</b>                                 |                  |                               |
| Chief Operating Officer                                   |                  |                               |
| Remuneration for the year                                 | 1,442,879        | 112,951 <sup>(1)</sup>        |
| Long-term compensation - carrying amount at date of grant | 193,561          | Nil                           |
| Value of stock options granted during the year            | Nil              | Nil                           |
| <b>TOTAL</b>  | <b>1,636,440</b> | <b>112,951 <sup>(1)</sup></b> |
| <b>François VILLEROY de GALHAU</b>                        |                  |                               |
| Chief Operating Officer                                   |                  |                               |
| Remuneration for the year                                 | 983,114          | 93,295 <sup>(1)</sup>         |
| Long-term compensation - carrying amount at date of grant | 108,421          | Nil                           |
| Value of stock options granted during the year            | Nil              | Nil                           |
| <b>TOTAL</b>  | <b>1,091,535</b> | <b>93,295 <sup>(1)</sup></b>  |

<sup>(1)</sup> Remuneration paid between 1 December 2011 (start date of their term of office), and 31 December 2011.



The table shows the number of options held by the Group's corporate officers at 31 December 2012.

| Originating company                          | BNP Paribas | BNP Paribas | BNP Paribas | BNP Paribas | BNP Paribas | BNP Paribas | BNP Paribas | BNP Paribas           | BNP Paribas |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------------------|-------------|
| Date of grant                                | 21/03/2003  | 24/03/2004  | 25/03/2005  | 05/04/2006  | 08/03/2007  | 18/04/2008  | 08/04/2009  | 05/03/2010            | 04/03/2011  |
| Baudouin PROT                                | 201,688     | -           | 155,125     | 184,537     | 174,300     | 174,299     | -           | -                     | -           |
| Jean-Laurent BONNAFE                         | -           | -           | 41,368      | 51,261      | 61,518      | 61,517      | -           | -                     | -           |
| Georges CHODRON de COURCEL                   | -           | -           | 62,052      | 92,269      | 92,277      | 102,529     | -           | -                     | -           |
| Philippe BORDENAVE                           | 38,484      | -           | 41,368      | 36,908      | 36,911      | 41,012      | 41,014      | 24,900 <sup>(1)</sup> | 18,660      |
| François VILLEROY de GALHAU                  | -           | 7,750       | 15,514      | 15,379      | 15,380      | 15,380      | 41,014      | 24,900                | 18,660      |
| Number of options at end-2012 <sup>(1)</sup> | 240,172     | 7,750       | 315,427     | 380,354     | 380,386     | 394,737     | 82,028      | 49,800                | 37,320      |

<sup>(1)</sup> The increase in capital with pre-emptive subscription rights in October 2009 in accordance with the regulations in force and in order to take into account the detachment of a pre-emptive subscription right led to the adjustment of the number and exercise prices of options.

- **Performance shares**

Under the Global Share-based Incentive Plan implemented in favour of the categories of employees described in note 7.e, Philippe Bordenave and François Villeroy de Galhau have received fully conditional performance shares.

| Originating company         | BNP Paribas                     |                          | BNP Paribas      |                          |
|-----------------------------|---------------------------------|--------------------------|------------------|--------------------------|
|                             | Number of shares <sup>(1)</sup> | Valuation <sup>(2)</sup> | Number of shares | Valuation <sup>(2)</sup> |
| Grant date                  | 05/03/2010                      |                          | 04/03/2011       |                          |
| Vesting date                | 05/03/2013                      |                          | 04/03/2014       |                          |
| Date of availability        | 06/03/2015                      |                          | 04/03/2016       |                          |
| Performance conditions      | yes                             |                          | yes              |                          |
| Philippe BORDENAVE          | 2,070                           | 103,500                  | 4,665            | 223,174                  |
| François VILLEROY de GALHAU | 2,070                           | 103,500                  | 4,665            | 223,174                  |
| <b>Total</b>                | <b>4,140</b>                    | <b>207,000</b>           | <b>9,330</b>     | <b>446,347</b>           |

<sup>(1)</sup> The number of shares has been adjusted to take into account the loss of one third of the initial grant due to non-achievement of the performance condition for that portion.

<sup>(2)</sup> Valuation at the grant date of the shares according to the method described in Note 7.e.

No corporate officer held available performance shares at 31 December 2012.

- **Long-term compensation of BNP Paribas corporate officers in case of a share price rise**

The table shows the fair value of the long-term compensation of the Group's corporate officers at the plans grant date and at 31 December 2012.

| Originating company         | BNP Paribas      |                  | BNP Paribas      |                  |
|-----------------------------|------------------|------------------|------------------|------------------|
|                             | Grant date       | At 31/12/2012    | Grant date       | At 31/12/2012    |
| Grant date                  | 12/04/2011       |                  | 03/05/2012       |                  |
| Due date                    | 12/04/2016       |                  | 03/05/2017       |                  |
| In euros                    | Grant date       | At 31/12/2012    | Grant date       | At 31/12/2012    |
| Baudouin PROT               | 492,506          | 410,310          | 228,565          | 346,375          |
| Jean-Laurent BONNAFE        | 399,744          | 333,030          | 311,323          | 471,789          |
| Georges CHODRON de COURCEL  | 323,780          | 269,743          | 205,132          | 310,864          |
| Philippe BORDENAVE          | -                | -                | 193,561          | 293,328          |
| François VILLEROY DE GALHAU | -                | -                | 108,421          | 164,305          |
| <b>Total</b>                | <b>1,216,031</b> | <b>1,013,083</b> | <b>1,047,002</b> | <b>1,586,662</b> |



- **Holding of shares resulting from the exercise of stock options**

The Board of Directors decided that the Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officers were required to hold a quantity of shares resulting from the exercising of stock options until they stand down from office. For Jean-Laurent Bonnafé, this holding requirement is set at 50% of the capital gain net of acquisition realised on options awarded as of 1 September 2008, the date when he was appointed corporate officer. This holding requirement applies to Philippe Bordenave and François Villeroy de Galhau for options awarded to them as of 1 December 2011. It will be deemed as having been met once the thresholds defined below in respect of holding shares are reached by means of shares resulting from the exercising of stock options.

The Board of Directors has decided that Baudouin Prot and Georges Chodron de Courcel are still required to hold the minimum quantity of shares for the duration of their term of office. This quantity had previously been set at 80,000 shares for Baudouin Prot and 30,000 shares for Georges Chodron de Courcel. It was also decided that the minimum quantity of shares that Jean-Laurent Bonnafé will be required to hold for the duration of his term of office will be increased from 30,000 shares to 80,000 shares, in line with the number of shares set for Baudouin Prot in his capacity as Chief Executive Officer. Jean-Laurent Bonnafé must comply with this obligation, through the direct ownership of shares or units in the Company Savings Plan fully invested in BNP Paribas shares, no later than by 1 December 2014, that is three years after his appointment as Chief Executive Officer.

In consideration of their respective compensation, the Board of Directors has set the minimum quantity of shares that must be held by Philippe Bordenave and François Villeroy de Galhau for the duration of their term of office in the form of shares or units in the Company Savings Plan fully invested in BNP Paribas shares. This minimum quantity has been set at 30,000 shares for Philippe Bordenave and 20,000 shares for François Villeroy de Galhau. This obligation must be complied with no later than 1 December 2016.

- **Remuneration and benefits awarded to employee-elected directors**

Total compensation paid in 2012 to employee-elected directors based on their actual attendance amounted to EUR 114,370 (EUR 155,426 in 2011), excluding directors fees. The total amount of directors' fees paid in 2012 to employee-elected directors was EUR 82,058 (EUR 93,346 in 2011). These sums were paid directly to the trade union bodies of the directors concerned.

Employee-elected directors are entitled to the same death/disability cover and the same Garantie Vie Professionnelle Accidents benefits as all BNP Paribas SA employees, as well as healthcare expense coverage. The total amount of premiums paid into these schemes by BNP Paribas in 2012 on behalf of the employee-elected directors was EUR 1,833 (EUR 1,746 in 2011).

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 2012 on behalf of these corporate officers was EUR 738 (EUR 717 in 2011). They are also entitled to top-up banking industry pensions under the industry-wide agreement that took effect on 1 January 1994.

- **Loans, advances and guarantees granted to the Group's corporate officers**

At 31 December 2012, total outstanding loans granted directly or indirectly to the Group's corporate officers amounted to EUR 2,700,091 (EUR 3,416,297 at 31 December 2011). It represents the total amount of loans granted to BNP Paribas' corporate officers and their spouses. These loans representing normal transactions were carried out on an arm's length basis.

**8.f RELATED PARTIES**

Other related parties of the BNP Paribas Group comprise consolidated companies (including entities consolidated under the equity method) and entities managing post-employment benefit plans offered to Group employees (except for multi-employer and multi-industry schemes).

Transactions between the BNP Paribas Group and related parties are carried out on an arm's length basis.

**RELATIONS BETWEEN CONSOLIDATED COMPANIES**

A list of companies consolidated by the BNP Paribas Group is provided in note 8.b "Scope of consolidation". Transactions and period-end balances between fully-consolidated entities are eliminated. The tables below show the portion of intragroup transactions not eliminated in consolidated accounts, related with companies accounted for by the proportionate consolidation method over which BNP Paribas exercises joint control. They also show transactions and balances with associates accounted for by the equity method.

- Related-party balance sheet items:

| In millions of euros                                   | 31 December 2012                                     |   | 31 December 2011                                     |   |
|--|--|---|--|---|
|  | Consolidated entities under the proportionate method | Consolidated entities under the equity method | Consolidated entities under the proportionate method | Consolidated entities under the equity method |
| <b>ASSETS</b>  |  |   |  |   |
| <b>Loans, advances and securities</b>                  |  |   |  |   |
| On demand accounts                                     | 53   | 130   | 29   | 40  |
| Loans  | 3,969  | 1,827   | 4,058  | 3,082   |
| Securities   | 319  | 16  | 312  | 17  |
| Finance leases   | -  | -   | 6  | -   |
| Non-trading securities held in the portfolio           | 459  | 2   | 479  | 2   |
| <b>Other assets</b>                                    | <b>6</b>   | <b>128</b>                                    | <b>11</b>  | <b>110</b>                                    |
| <b>Total</b>   | <b>4,806</b>   | <b>2,103</b>                                  | <b>4,895</b>   | <b>3,251</b>                                  |
| <b>LIABILITIES</b>                                     |  |   |  |   |
| <b>Deposits</b>  |  |   |  |   |
| On demand accounts                                     | 25   | 726   | 94   | 664   |
| Other borrowings                                       | 121  | 1,861   | 88   | 1,627   |
| Debt securities  | 66   | -   | 67   | 32  |
| Other liabilities                                      | 8  | 40  | 11   | 14  |
| <b>Total</b>   | <b>220</b>   | <b>2,627</b>                                  | <b>260</b>   | <b>2,337</b>                                  |
| <b>FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS</b> |  |   |  |   |
| Financing commitments given                            | 100  | 2,523   | 20   | 581   |
| Guarantee commitments given                            | 189  | 102   | 153  | 73  |
| <b>Total</b>   | <b>289</b>   | <b>2,625</b>                                  | <b>173</b>   | <b>654</b>                                    |

The Group also carries out trading transactions with related parties involving derivatives (swaps, options and forwards, etc.) and financial instruments purchased or underwritten and issued by them (equities, bonds, etc.).



- Related-party profit and loss items:

| In millions of euros      | Year to 31 Dec. 2012                                 |   | Year to 31 Dec. 2011                                 |   |
|---------------------------|--|---|--|---|
|                           | Consolidated entities under the proportionate method | Consolidated entities under the equity method | Consolidated entities under the proportionate method | Consolidated entities under the equity method |
| <b>Interest income</b>    | <b>134</b>   | <b>146</b>                                    | <b>145</b>   | <b>93</b>                                     |
| <i>Interest expense</i>   | (4)  | (28)  | (4)  | (45)  |
| <b>Commission income</b>  | <b>18</b>  | <b>351</b>                                    | <b>18</b>  | <b>314</b>                                    |
| <i>Commission expense</i> | (57)   | (15)  | (60)   | (28)  |
| <b>Services provided</b>  | <b>1</b>   | <b>34</b>                                     | <b>1</b>   | <b>72</b>                                     |
| <i>Services received</i>  | -  | (63)  | -  | (96)  |
| <b>Lease income</b>       | <b>2</b>   | <b>6</b>                                      | <b>2</b>   | <b>7</b>                                      |
| <b>Total</b>              | <b>94</b>  | <b>431</b>                                    | <b>102</b>   | <b>317</b>                                    |

#### ENTITIES MANAGING POST-EMPLOYMENT BENEFIT PLANS OFFERED TO GROUP EMPLOYEES

The main post-employment benefits of the BNP Paribas Group are retirement bonus plans, and top-up defined-benefit and defined-contribution pension plans.

In Belgium, BNP Paribas Fortis funds a number of pension schemes managed by AG Insurance in which the BNP Paribas Group has an 18.7% equity interest.

In other countries, post-employment benefit plans are generally managed by independent fund managers or independent insurance companies, and occasionally by Group companies (in particular BNP Paribas Asset Management, BNP Paribas Cardif, Bank of the West and First Hawaiian Bank). In Switzerland, a dedicated foundation manages pension plans for BNP Paribas Switzerland's employees.

At 31 December 2012, the value of plan assets managed by Group companies or by companies over which the Group exercises significant influence was EUR 3,420 million (EUR 3,164 million at 31 December 2011). Amounts received relating to services provided by Group companies in the year to 31 December 2012 totalled EUR 4.0 million, and mainly is composed of management and custody fees (EUR 4.1 million in 2011).



**8.g BALANCE SHEET BY MATURITY**

The table below gives a breakdown of the balance sheet by contractual maturity. The maturity of financial assets and liabilities at fair value through profit or loss within the trading portfolio is deemed to be “undetermined” insofar as these instruments are intended to be sold or redeemed before their contractual maturity dates. The maturities of variable-income financial assets classified as available for sale, derivative hedging instruments, remeasurement adjustments on interest-rate risk hedged portfolios and undated subordinated debt are also deemed to be “undetermined”. Since the majority of technical reserves of insurance companies are considered as demand deposits, they are not presented in this table.

| In millions of euros, at 31 December 2012                        | 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                          |                | 103,190             |                                 |               |                    |                |                   | 103,190          |
| Financial assets at fair value through profit or loss            | 763,799        |                     |                                 |               |                    |                |                   | 763,799          |
| Derivatives used for hedging purposes                            | 14,267         |                     |                                 |               |                    |                |                   | 14,267           |
| Available-for-sale financial assets                              | 17,093         |                     | 6,447                           | 10,578        | 18,513             | 56,530         | 83,345            | 192,506          |
| Loans and receivables due from credit institutions               | 26             | 10,414              | 7,387                           | 3,013         | 3,848              | 6,413          | 9,305             | 40,406           |
| Loans and receivables due from customers                         | -              | 49,195              | 47,927                          | 58,766        | 74,957             | 190,107        | 209,568           | 630,520          |
| Remeasurement adjustment on interest-rate risk hedged portfolios | 5,836          |                     |                                 |               |                    |                |                   | 5,836            |
| Held-to-maturity financial assets                                |                |                     | -                               | 264           | 436                | 5,019          | 4,565             | 10,284           |
| <b>Financial assets by maturity</b>                              | <b>801,021</b> | <b>162,799</b>      | <b>61,761</b>                   | <b>72,621</b> | <b>97,754</b>      | <b>258,069</b> | <b>306,783</b>    | <b>1,760,808</b> |
| Due to central banks   |                | 1,532               |                                 |               |                    |                |                   | 1,532            |
| Financial liabilities at fair value through profit or loss       | 661,995        |                     | 353                             | 1,585         | 5,356              | 24,842         | 9,492             | 703,623          |
| Derivatives used for hedging purposes                            | 17,286         |                     |                                 |               |                    |                |                   | 17,286           |
| Due to credit institutions                                       |                | 15,324              | 20,525                          | 18,603        | 5,669              | 48,928         | 2,686             | 111,735          |
| Due to customers   |                | 329,327             | 106,448                         | 32,939        | 26,079             | 29,456         | 15,264            | 539,513          |
| Debt securities  |                |                     | 19,618                          | 33,295        | 47,581             | 49,769         | 22,935            | 173,198          |
| Subordinated debt  | 2,605          |                     | 32                              | 452           | 1,156              | 8,204          | 2,774             | 15,223           |
| Remeasurement adjustment on interest-rate risk hedged portfolios | 2,067          |                     |                                 |               |                    |                |                   | 2,067            |
| <b>Financial liabilities by maturity</b>                         | <b>683,953</b> | <b>346,183</b>      | <b>146,976</b>                  | <b>86,874</b> | <b>85,841</b>      | <b>161,199</b> | <b>53,151</b>     | <b>1,564,177</b> |

| In millions of euros, at 31 December 2011                        | Not determined | Overnight or demand | Up to 1 month (excl. overnight) | 1 to 3 months | 3 months to 1 year | 1 to 5 years   | More than 5 years | TOTAL            |
|--|----------------|---------------------|---------------------------------|---------------|--------------------|----------------|-------------------|------------------|
| Cash and amounts due from central banks                          |                | 58,382              |                                 |               |                    |                |                   | 58,382           |
| Financial assets at fair value through profit or loss            | 820,463        |                     |                                 |               |                    |                |                   | 820,463          |
| Derivatives used for hedging purposes                            | 9,700          |                     |                                 |               |                    |                |                   | 9,700            |
| Available-for-sale financial assets                              | 17,479         |                     | 5,581                           | 13,589        | 17,681             | 50,398         | 87,740            | 192,468          |
| Loans and receivables due from credit institutions               | -              | 16,117              | 11,244                          | 8,304         | 3,182              | 7,966          | 2,556             | 49,369           |
| Loans and receivables due from customers                         | -              | 55,011              | 57,993                          | 56,878        | 72,762             | 198,788        | 224,402           | 665,834          |
| Remeasurement adjustment on interest-rate risk hedged portfolios | 4,060          |                     |                                 |               |                    |                |                   | 4,060            |
| Held-to-maturity financial assets                                |                |                     | -                               | 299           | 212                | 4,188          | 5,877             | 10,576           |
| <b>Financial assets by maturity</b>                              | <b>851,702</b> | <b>129,510</b>      | <b>74,818</b>                   | <b>79,070</b> | <b>93,837</b>      | <b>261,340</b> | <b>320,575</b>    | <b>1,810,852</b> |
| Due to central banks   |                | 1,231               |                                 |               |                    |                |                   | 1,231            |
| Financial liabilities at fair value through profit or loss       | 723,492        |                     | 513                             | 2,167         | 6,131              | 22,644         | 7,848             | 762,795          |
| Derivatives used for hedging purposes                            | 14,331         |                     |                                 |               |                    |                |                   | 14,331           |
| Due to credit institutions                                       |                | 21,234              | 49,429                          | 21,475        | 6,159              | 42,282         | 8,575             | 149,154          |
| Due to customers   |                | 319,719             | 126,907                         | 31,467        | 27,547             | 27,030         | 13,614            | 546,284          |
| Debt securities  |                |                     | 28,020                          | 31,856        | 27,896             | 49,713         | 20,301            | 157,786          |
| Subordinated debt  | 3,507          |                     | 23                              | 445           | 2,360              | 5,325          | 8,023             | 19,683           |
| Remeasurement adjustment on interest-rate risk hedged portfolios | 356            |                     |                                 |               |                    |                |                   | 356              |
| <b>Financial liabilities by maturity</b>                         | <b>741,686</b> | <b>342,184</b>      | <b>204,892</b>                  | <b>87,410</b> | <b>70,093</b>      | <b>146,994</b> | <b>58,361</b>     | <b>1,651,620</b> |

The majority of the financing and guarantee commitments given, which amounted to EUR 264,284 million and EUR 91,689 million respectively at 31 December 2012 (EUR 253,298 million and EUR 106,096 million respectively at 31 December 2011), can be drawn at sight.



**8.h FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTISED COST**

The information supplied in this note must be used and interpreted with the greatest caution for the following reasons:

- These fair values are an estimate of the value of the relevant instruments as of 31 December 2012. 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 2012      |                      | 31 December 2011      |                      |
|--|-----------------------|----------------------|-----------------------|----------------------|
|  | Carrying value<br>(1) | Estimated fair value | Carrying value<br>(1) | Estimated fair value |
| <b>FINANCIAL ASSETS</b>                            |                       |                      |                       |                      |
| Loans and receivables due from credit institutions | 40,406                | 41,128               | 49,369                | 49,316               |
| Loans and receivables due from customers           | 630,520               | 655,097              | 665,834               | 683,398              |
| Held-to-maturity financial assets                  | 10,284                | 10,412               | 10,576                | 11,135               |
| <b>FINANCIAL LIABILITIES</b>                       |                       |                      |                       |                      |
| Due to credit institutions                         | 111,735               | 112,599              | 149,154               | 149,879              |
| Due to customers                                   | 539,513               | 540,982              | 546,284               | 547,992              |
| Debt securities                                    | 173,198               | 176,466              | 157,786               | 154,419              |
| Subordinated debt                                  | 15,223                | 14,862               | 19,683                | 16,243               |

(1) The carrying amount does not include the remeasurement of portfolios of financial instruments in fair value hedging relationships. At 31 December 2012, this is included within "Remeasurement adjustment on interest-rate risk hedged portfolios" as EUR 5,836 million under assets, and EUR 2,067 million under liabilities (EUR 4,060 million and EUR 356 million, respectively, at 31 December 2011).

The fair value of a financial instrument is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The valuation techniques and assumptions used by BNP Paribas ensure that the fair value of financial assets and liabilities is measured on a consistent basis throughout the Group. Fair value is based on prices quoted in an active market when these are available. In other cases, fair value is determined using valuation techniques such as discounting of estimated future cash flows for loans, liabilities and held-to-maturity financial assets, or specific valuation models for other financial instruments as described in note 1, "Principal accounting policies applied by the BNP Paribas Group". In the case of loans, liabilities and held-to-maturity financial assets that have an initial maturity of less than one year (including demand deposits) or are granted on floating-rate terms, fair value equates to carrying amount. The same applies to most regulated savings products.



## 8.i CONTINGENT LIABILITIES: LEGAL PROCEEDING AND ARBITRATION

Following discussions with the U.S. Department of Justice and the New York County District Attorney's Office, among other U.S. regulators and law enforcement and other governmental authorities, the Bank is conducting an internal review of certain U.S. dollar payments involving countries, persons and entities that could be subject to economic sanctions under U.S. law in order to determine whether the Bank has, in the conduct of its business, complied with such laws. The review covers a significant volume of transactions that, even though they may not have been prohibited by the laws of the countries of the Bank entities that initiated them, may be considered impermissible under U.S. regulations (and, in particular, those of the Office of Foreign Assets Control). When the Bank completes this review, it will present its findings and arguments to the U.S. authorities. The Bank is not currently able, on the basis of the transactions identified to date, to estimate without a substantial degree of uncertainty the specific amount or even the general magnitude of the possible consequences of this review (including in terms of fines or penalties) on its results of operation and financial condition. The timing of completion of the review process and subsequent discussions with the U.S. authorities is also uncertain. It should be noted that similar reviews conducted by numerous other financial institutions have often resulted in settlements involving in particular the payment of significant fines and/or penalties depending on the circumstances of each matter.

Legal action has been taken against several Algerian and international banks, including BNP Paribas El Djazair, a BNP Paribas SA subsidiary, for administrative errors in processing international trade financing applications. BNP Paribas El Djazair has been accused of non-compliance with foreign exchange regulations in seven cases before Algerian courts. BNP Paribas El Djazair was ordered by a lower court to pay fines of approximately EUR 200 million. Three of these cases were subsequently overturned on appeal, including the case involving the most significant amount (EUR 150 million). Two other appeals rulings have upheld fines totalling EUR 52 million. All of these rulings have been appealed before the Cassation Court, and execution has been suspended pending the outcome of these appeals pursuant to Algerian law. BNP Paribas El Djazair will continue to vigorously defend itself before the Algerian courts with a view to obtaining recognition of its good faith towards the authorities, which suffered no actual damage.

On 27 June 2008, the Republic of Iraq filed a lawsuit in New York against approximately 90 international companies that participated in the oil-for-food ("OFF") programme and against BNP Paribas as holder of the OFF account on behalf of the United Nations. The complaint alleges, notably, that the defendants conspired to defraud the OFF programme, thereby depriving the Iraqi people of more than USD 10 billion in food, medicine and other humanitarian goods. The complaint also contends that BNP Paribas breached purported fiduciary duties and contractual obligations created by the banking services agreement binding BNP Paribas and the United Nations. The complaint is pleaded under the US Racketeer Influenced and Corrupt Organisations Act ("RICO") which allows treble damages if damages are awarded. The complaint has been served and the defendants, including BNP Paribas, moved to dismiss the action in its entirety on a number of different legal grounds. Oral arguments took place in October 2012. On 6 February 2013, the complaint was dismissed by the United States District Court Southern District of New York (which means that the plaintiff does not have the opportunity to re-file an amended complaint). On 15 February 2013, the Republic of Iraq filed a notice of appeal before the United States Court of Appeals for the Second Circuit.

The Bank and certain of its subsidiaries are defendants in several actions pending before the United States Bankruptcy Court Southern District of New York brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC ("BLMIS"). These actions, known generally as "clawback claims", are similar to those brought by the BLMIS Trustee against numerous institutions, and seek recovery of amounts allegedly received by the BNP Paribas entities from BLMIS or indirectly through BLMIS-related "feeder funds" in which BNP Paribas entities held interests. The BLMIS Trustee claims in these actions that the amounts which BNP Paribas entities received are avoidable and recoverable under the U.S. Bankruptcy Code and New York state law. In the aggregate, the amounts



sought to be recovered in these actions approximates \$1.2 billion. BNP Paribas has substantial and credible defenses to these actions and is defending against them vigorously.

Various legal disputes and enquiries are ongoing relating to the restructuring of the Fortis Group, now Ageas, of which BNP Paribas Fortis is no longer part, and to events having occurred before BNP Paribas Fortis became part of the BNP Paribas Group. Among these disputes are litigations brought by shareholder groups in The Netherlands and Belgium against (among others) Ageas and BNP Paribas Fortis, in the context of the capital increase of Fortis (now Ageas) completed in October 2007 in connection with the acquisition of ABN Amro Bank N.V.. The Bank is vigorously defending itself in these proceedings.

There are no other government, legal or arbitration proceedings of which the Company is aware that are likely to have or have had within the last 12 months a significant impact on the financial position or profitability of the Company and/or Group.



## 8.j FEES PAID TO THE STATUTORY AUDITORS

| In 2012<br>Excluding tax, in thousands of euros  | Deloitte      |             | PricewaterhouseCoopers |             | Mazars       |             | TOTAL         |             |
|--|---------------|-------------|------------------------|-------------|--------------|-------------|---------------|-------------|
|  | Total         | %           | Total                  | %           | Total        | %           | Total         | %           |
| <b>Audit</b>   |               |             |                        |             |              |             |               |             |
| Statutory audits and contractual audits, including   |               |             |                        |             |              |             |               |             |
| - Issuer   | 3,242         | 20%         | 3,359                  | 19%         | 1,539        | 16%         | 8,140         | 19%         |
| - Consolidated subsidiaries  | 8,801         | 55%         | 9,391                  | 54%         | 7,393        | 79%         | 25,585        | 60%         |
| Other reviews and services directly related to the statutory audit engagement, including             |               |             |                        |             |              |             |               |             |
| - Issuer   | 1             | 0%          | 564                    | 3%          | 93           | 1%          | 658           | 2%          |
| - Consolidated subsidiaries  | 1,472         | 9%          | 2,920                  | 17%         | 227          | 2%          | 4,619         | 11%         |
| <b>Sub-total</b>   | <b>13,516</b> | <b>84%</b>  | <b>16,234</b>          | <b>93%</b>  | <b>9,252</b> | <b>99%</b>  | <b>39,002</b> | <b>91%</b>  |
| <b>Other services provided by the networks to fully- or proportionally-consolidated subsidiaries</b> |               |             |                        |             |              |             |               |             |
| Tax and legal  | 97            | 1%          | 77                     | 0%          | -            | 0%          | 174           | 0%          |
| Others   | 2,518         | 16%         | 1,183                  | 7%          | 77           | 1%          | 3,778         | 9%          |
| <b>Sub-total</b>   | <b>2,615</b>  | <b>16%</b>  | <b>1,260</b>           | <b>7%</b>   | <b>77</b>    | <b>1%</b>   | <b>3,952</b>  | <b>9%</b>   |
| <b>TOTAL</b>   | <b>16,131</b> | <b>100%</b> | <b>17,494</b>          | <b>100%</b> | <b>9,329</b> | <b>100%</b> | <b>42,954</b> | <b>100%</b> |

| In 2011<br>Excluding tax, in thousands of euros  | Deloitte      |             | PricewaterhouseCoopers |             | Mazars        |             | TOTAL         |             |
|--|---------------|-------------|------------------------|-------------|---------------|-------------|---------------|-------------|
|  | Total         | %           | Total                  | %           | Total         | %           | Total         | %           |
| <b>Audit</b>   |               |             |                        |             |               |             |               |             |
| Statutory audits and contractual audits, including   |               |             |                        |             |               |             |               |             |
| - Issuer   | 3,639         | 19%         | 4,505                  | 25%         | 1,230         | 12%         | 9,374         | 18%         |
| - Consolidated subsidiaries  | 10,775        | 55%         | 9,625                  | 53%         | 8,927         | 84%         | 29,327        | 61%         |
| Other reviews and services directly related to the statutory audit engagement, including             |               |             |                        |             |               |             |               |             |
| - Issuer   | 348           | 2%          | 986                    | 5%          | 121           | 1%          | 1,455         | 4%          |
| - Consolidated subsidiaries  | 535           | 3%          | 1,815                  | 10%         | 332           | 3%          | 2,682         | 6%          |
| <b>Sub-total</b>   | <b>15,297</b> | <b>79%</b>  | <b>16,931</b>          | <b>93%</b>  | <b>10,610</b> | <b>100%</b> | <b>42,838</b> | <b>89%</b>  |
| <b>Other services provided by the networks to fully- or proportionally-consolidated subsidiaries</b> |               |             |                        |             |               |             |               |             |
| Tax and legal  | 20            | 0%          | 54                     | 1%          | 2             | 0%          | 76            | 0%          |
| Others   | 4,047         | 21%         | 1,133                  | 6%          | 47            | 0%          | 5,227         | 11%         |
| <b>Sub-total</b>   | <b>4,067</b>  | <b>21%</b>  | <b>1,187</b>           | <b>7%</b>   | <b>49</b>     | <b>0%</b>   | <b>5,303</b>  | <b>11%</b>  |
| <b>TOTAL</b>   | <b>19,364</b> | <b>100%</b> | <b>18,118</b>          | <b>100%</b> | <b>10,659</b> | <b>100%</b> | <b>48,141</b> | <b>100%</b> |

The audit fees paid to auditors which are not members of the network of one of the auditors certifying the consolidated financial statements and the non-consolidated financial statements of BNP Paribas SA, mentioned in the table above, amount to EUR 1,613 thousand for the year 2012 (EUR 1,468 thousand in 2011).

The decrease in fees paid to auditors in 2012 derives from the revaluation of audit budgets in the framework of the renewal of their mandates for 2012-2017, as well as from the effect of changes in scope, mainly related to Klépierre, which is now consolidated under the equity method.

Other work and services related directly to audit work, mainly work on financial transactions, opinions on the group's approach to implementing accounting standards and controls, reviews of the entity's compliance with regulatory provisions and reviews of internal control quality by comparison with international standards (such as ISAE 3402) as part of services provided to customers, particularly in the securities and asset management businesses.

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