BNP Paribas Fortis SA/NV

Annual Report 2013

Introduction

The BNP Paribas Fortis Annual Report 2013 contains both the audited Consolidated and the Non-consolidated Financial Statements, preceded by the Report of the Board of Directors, the Statement of the Board of Directors and a section on Corporate Governance including the composition of the Board of Directors. The audited BNP Paribas Fortis Consolidated Financial Statements 2013, with comparative figures for 2012, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, are followed by the audited Non-consolidated Financial Statements 2013 of BNP Paribas Fortis SA/NV, prepared on the basis of the rules laid down in the Belgian Royal Decree of 23 September 1992 on the annual accounts of credit institutions.

All amounts in the tables of the consolidated Financial Statements are denominated in millions of euros, unless stated otherwise. All amounts in the tables of the non-consolidated Financial Statements are denominated in thousands of euros, unless stated otherwise. Because figures have been rounded off, small differences with previously reported figures may occur. Certain reclassifications have been made with regard to the prior year's Financial Statements in order to make them comparable for the year under review.

BNP Paribas Fortis refers in the Consolidated Financial Statements to the BNP Paribas Fortis SA/NV consolidated situation unless stated otherwise. BNP Paribas Fortis refers in the Non-Consolidated Financial Statements to the BNP Paribas Fortis SA/NV non-consolidated situation, unless stated otherwise.

All information contained in the BNP Paribas Fortis Annual Report 2013 relates to the BNP Paribas Fortis statutory consolidated and non-consolidated financial statements and does not cover the contribution of BNP Paribas Fortis to the BNP Paribas Group consolidated results, which can be found on the BNP Paribas website: www.bnpparibas.com.

The BNP Paribas Fortis Annual Report 2013 is available on the website: www.bnpparibasfortis.com

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BNP Paribas Fortis Consolidated Annual Report 2013

Report of the Board of Directors

A word from the Chairman and the CEO

2013 was an important year for our clients, for our employees and for the Bank.

We dedicated ourselves fully in 2013 to further improving customer satisfaction and enhancing the bank's role in financing the economy. Total savings deposits grew in 2013, both in retail customers' current and savings accounts, and in business accounts. We see this evolution as a sign of our clients' trust in our Bank. An increase was also recorded in our lending to households and businesses. Special attention was paid in this regard to the needs of the self-employed, members of the liberal professions and SMEs via the 'Bank for Entrepreneurs' campaign.

The continual introduction of innovative services and products that respond to the customers' changing lifestyles and expectations is a key element of our offer to clients. To this end, we invested substantially in 2013 in our digital banking offering and payment solutions. Notable examples are the 'Easy transfer' integration in the 'Easy banking' app, the rollout of a mobile card payment and teller solution for the self-employed, the development of a mobile wallet e-commerce app and the launch of 'Hello bank!', a new mobile-only banking channel.

Meanwhile, a number of important initiatives have also been taken within the Bank for the benefit of our clients.

In December 2012, we announced plans for the strategic reshaping of BNP Paribas Fortis into a bank ready to face tomorrow's challenges. The intended transformation is driven by three trends:

- our customers' changing pattern of expectations in response to ongoing digital evolution
- the specific characteristics of the Belgian market
- fundamental shifts in the macroeconomic environment.

The main focus was on our ambition to be the bank of choice for customers. The rationalisation of the branch network and its reorganisation into clusters is intended to ensure that clients have continued access to specialists at more convenient times of the day. Meanwhile our efforts towards greater operational efficiency and process industrialisation are designed to further improve customer experience. An important aspect is the elimination of administrative follow-up from the front-office. These tasks are concentrated in three Client Competence Centres that are in direct contact with the customer throughout the process of mortgage contracting, estate settlement and corporation servicing in daily banking.

Another important objective in the Bank's plan to remain sustainable is to keep costs flat. We are confronted with historically low interest rates, uncertainty over economic growth and strong competition. That means there are insufficient prospects of raising income and further strengthening the capital ratios, making cost control a key measure.

BNP Paribas Fortis is currently working hard to implement this plan, which touches upon all the bank's layers and activities, on both the customer and the operational side.

Our results in 2013 show that the strategic direction on which we embarked in 2012 was the right one. Net income attributable to shareholders doubled to EUR 638 million. The newly-added Leasing, Factoring and Specialised Finance activities performed well and have reinforced the international service offering to our businesses clients. Meanwhile, the cost of risk continued to be moderate. The solvency ratio remains high, with Tier 1 capital at 14.8%, and liquidity is solid, with customer deposits standing at EUR 161 billion and customer loans at EUR 153 billion, after the funding of the newly added Specialised Finance, Leasing and Factoring activities. Moreover, the positively developing cost/income ratio of 66.7% illustrates that our efficiency measures are having an effect.

Implementing and applying new regulations and laws pose an additional challenge for the operational side of the bank. Examples of these include new Belgian legislation on the funding of SMEs; MiFID regulations; Basel III regulations; and – last but not least – the upcoming European and Belgian bank legislation. BNP Paribas Fortis worked hard in 2013 to implement these new regulations and will continue to do so.

We fully acknowledge that all these changes require flexibility and adaptability on the part of our employees. A special word of thanks is due to them for their hard work in 2013 towards the development of a bank that is able to keep pace with the times. Our common goal is to continue to work to the satisfaction of our clients, whom we thank for their confidence. We will pursue this direction in 2014, in order to establish a business in which our customers can have more confidence than ever and to remain the market leader in Belgium for the long term.

Max Jadot
Chief Executive Officer (CEO)

Herman Daems
Chairman of the Board of Directors

Sound business performance in an adverse economical and financial environment

The economic context in 2013

After six quarters of recession, the second quarter of 2013 brought a recovery, showing positive, albeit very modest, growth in the Eurozone economy. The economic slowdown in the Eurozone abated to (0.4)%, from (0.6)% in 2012, the improvement largely being driven by an export-led pickup on the periphery. Belgium too experienced a gradual pickup in economic activity from the second quarter onwards, resulting in average growth of 0.2% for the year, slightly up from the (0.1)% in 2012. While the recovery in the Belgian economy was initially export-led, it quickly translated into a revival of domestic demand, especially private consumption. Household consumption increased by 0.5% in the third quarter of 2013 thanks to a rise in consumer confidence. In addition, house prices remained resilient, rising on average by 2.2% in the first three quarters of the year, despite a decrease of around 5% in the number of residential real estate transactions.

Regarding public finances, the European Commission decided to step up the excessive deficit procedure against Belgium as the country had not brought its government deficit below 3% of GDP by end-2012. The government was asked to take additional consolidation measures and finally succeeded in durably decreasing its deficit, bringing it under 3% for 2013 and beyond. However, the margin for error remains small and there is still a long way to go before the goal of a structural balance by 2015 can be attained.

Although economic conditions improved modestly during 2013, structural headwinds continue to hamper a real economic turnaround. Unemployment remains a huge challenge, especially in the peripheral countries, with the Eurozone unemployment rate reaching a record high of 12.1%. In Belgium the unemployment rate rose to 8.4%, its highest level since 1999. Meanwhile the private sector in the peripheral countries faces continuing pressure to deleverage, while credit conditions remain tight.

Credit conditions in Belgium remained more favourable however, as interest rates reached new lows for both households and businesses. Nevertheless, the weak economic environment translated into lower demand for loans. Accordingly, growth in lending to the household sector declined from 5.5% to 3%, and to non-financial corporations from 2.1% to 0.8%. On the other hand, on the back of the returning confidence among economic agents, deposit growth slowed somewhat from 7.5% at end 2012 to a still robust 5.6% by end-2013.

The weak economic environment also kept inflation subdued. In both the Eurozone as a whole and Belgium itself inflation had declined below 1% towards the end of 2013. This is far removed from the European Central Bank (ECB) target of 'below but close to 2%'. The ECB therefore decided to cut its policy rate to 0.50% in May and 0.25% in November, announcing that rates would remain low for a considerable period of time and expressing willingness to take further unconventional measures if necessary.

Unlike previous years, the European sovereign debt crisis was off the agenda for financial markets and tensions eased further following the ECB's announcement of the OMT programme in September 2012, narrowing interest rate spreads. However, prospects of a reduction in asset purchases by the Federal Reserve (so-called 'tapering'), which finally commenced in December, exerted upward pressure on global long-term interest rates. This caused a brief spike in Belgium's long-term borrowing rate to 2.9% in September, which then eased subsequently to end the year at 2.6%, up from 2.1% in 2012. The interest rate gap with Germany narrowed from 75 to 62 basis points.

Meanwhile the Basel III requirements for capital and liquidity provision, designed to ensure financial sector stability, were adopted in a European Directive in July. 2013 also marked further progress towards a European banking union. A Regulation introducing a single supervisory mechanism for Eurozone banks came into force in November, paving the way for the ECB to assume its supervisory tasks by November 2014.

This is being accompanied by an Asset Quality Review – a thorough assessment of all significant European banks, coupled with 'stress tests'. The transparency that this exercise will bring is regarded as a crucial precondition for recovery in the Eurozone. So-called 'bail-in' rules have also been introduced as a way to safeguard taxpayers' funds in the event that a bank needs to go through a crisis resolution process. In addition, the EU reached an agreement intended to strengthen deposit guarantee schemes. Each member state is required to set up a guarantee fund, financed by banking sector levies to be paid over the course of the next ten years. Meanwhile in Belgium the federal government decided to go beyond EU regulations and limit the right of Belgian banks to engage in proprietary trading activities.

In the light of the above, it is evident that banks are still operating in an adverse low-growth environment in which persistently low interest rates are putting downward pressure on profit margins and their strategies continue to be conditioned by the phase-in of the stricter Basel III requirements and restrictive regulations.

Core Businesses

BNP Paribas Fortis

BNP Paribas Fortis covers both the Retail Banking and Corporate & Investment Banking activities of the BNP Paribas Group in Belgium. The Bank employs a total of 15,550 FTE in Belgium.

Retail Belgium

BNP Paribas Fortis Retail banking activities comprise banking services to a range of client types, including individual customers, self-employed people and those in the liberal professionals, small and medium-sized companies, local businesses, corporate clients and non-profit organisations. Retail Belgium provides its services via two networks, which operate under a segmented business approach: Retail & Private Banking Belgium and Corporate & Public Banking Belgium.

Retail & Private Banking Belgium

BNP Paribas Fortis is the market leader in Retail & Private Banking (RPB) in Belgium, with over 8,500 employees serving 3.6 million clients and strong positions in all banking products. Retail customers are served through a multi-channel distribution strategy. The network comprises 908 branches, supplemented by 306 branches under the Fintro brand and 660 sales points under a 50-50 joint venture with Bpost Bank. Other channels include a fleet of 4,093 ATMs, non-cash machines for making bank transfer payments, and bank statement printers; an online banking service, with 1.25 million active users; the Easy banking mobile banking service via smartphone and tablet; and telephone banking. Our long-term partnership with AG Insurance further reinforces the distribution power of the Retail network and builds on our long experience in the bancassurance field.

With 37 Private Banking Centres, BNP Paribas Fortis is a major player in the Belgian private banking market. Clients with a minimum of EUR 250,000 worth of investable assets are eligible for private banking services and these constitute a sizeable client base for investment products. Meanwhile our Wealth Management arm targets clients with potential assets worth over EUR 4 million. These clients are provided with a specific service model and are mainly served from two Wealth Management Centres, one in Brussels and the other in Antwerp.

In the individual customer segment there was a decreasing demand for housing loans in 2013, despite the historically low level of interest rates. By contrast, demand for consumer credit held up rather more strongly and the Bank was able to continue making its contribution to financing this area of the real economy.

The continuing decrease in interest rates, the result of European Central Bank policy, constrained Retail & Private Banking into lowering interest rates on savings accounts. The saving accounts offering was rationalised in order to comply with the new regulations in this regard. RPB also launched 'Home Saving', a new savings account, which aims to encourage young adults to put aside money as reserve savings for their own home, renovation work, etc.

The highly volatile situation on the financial markets during the year clearly prompted our clients to adopt a more safety-oriented approach to their financial situation and BNP Paribas Fortis responded to this trend with a broad, differentiated, product offering for savings and investments. Bonds issued by Belgian corporates proved to be an overwhelming success and SRI-investments (Socially Responsible Investments) played a greater part in the 2013 investment offering. To help customers to start investing, extra support was provided through Flexinvest – an investment plan that combines an automatic savings programme with a full range of options for investing in funds – and the online solution 'Savings and investments custom made'. The 'portfolio advice' contract, with a detailed portfolio approach, was further developed for Priority (EUR 85,000 – 250,000 AuM) and James customers. James is a personalised investment service reserved for customers with AuM of EUR 85,000 or more.

In addition, clients' uncertainty over the amount of their future pension income prompted the bank to provide extra information for the benefit of younger customers.

The prevailing economic uncertainty led to a drop in corporate demand for credit in spite of the fact that the Bank had designed tailored solutions for expanding companies' working capital. 'The Bank for Entrepreneurs' aims to provide, via a new customer segmentation, the right expertise and solutions to the self-employed, members of the liberal professions and small and medium-sized companies. Services for the liberal professions were upgraded as the Bank set up a team of 160 specialist advisors and introduced tailor-made credit facilities for this client segment. In addition a specific package of banking products and non-banking services was created for people starting up their own company.

Meanwhile the Bank's ongoing efforts to improve customer satisfaction found their just reward. Satisfaction scores at RPB were up in 2013, largely thanks to the active support provided by staff at the branches and Private Banking centres, strong management focus and implementation of the Bank-wide 'One Bank Customer Satisfaction' project, which involves not only RPB staff but the Bank's entire organisation. In 2013, for the first time, information sessions entitled 'Money matters made simple' were held at various branches, with more than 2,000 clients and non-clients attending. The aim is to increase customer satisfaction by acting as a partner to the customer whenever he or she needs to take important decisions on money matters and related issues.

Considerable investments were made in our multi-channel offering. PC banking has undergone further development and now numbers over 1.25 million users. The 'Easy banking' app for smartphone and tablet, launched at the end of 2012, was downloaded 580,000 times in 2013.

Various new applications were added in 2013. 'Easy transfer' has been developed to enable payments from a smartphone to any private person, using his/her mobile phone number.

Other digital banking solutions are still in pilot phase:
- Mobo: a mobile payment terminal on smartphone
- Easy Master Pass: an electronic wallet that makes payments on the Internet much more simple and convenient
- Sixdots, which enables consumers to finalise payments by smartphone, covering purchases on PC, tablet and smartphone, without the need for a card reader or having to repeatedly enter card data separately on different websites.

May 2013 saw the launch of Hello bank! This is a 100% native mobile bank, based on a downloadable software package (app), designed specifically for the modern consumer who wishes to be able to carry out his/her banking operations and transactions by smartphone or tablet and requires simple and straightforward banking products.

The Bank's contact centre is available 83 hours per week, processing around 15,000 calls daily. Phone traffic to the branches is supported by a system of line switching to deal with calls outside branch opening hours, to cope with overflows and so on.

The new Customer Relationship Management (CRM) infrastructure has also been further developed so that up-to-date information on each individual client's current situation and needs is now available in real time on all channels.

Meanwhile, taking an innovative approach to client investment profiles, Private Banking came up during the year with a successful Socially Responsible Investment (SRI) asset management offering. The difficult financial market situation has in fact led investors to place greater weight on professional asset management and consequently there has been an increase in assets under management. The Private Banking credit offering also saw the addition of an innovative formula: 'Flexible Private Credit'.

The intensive training for the 'Certified Private Banker' qualification available to all private bankers at BNP Paribas Fortis continues to enhance their knowledge and skills.

BNP Paribas Fortis Private Bank was named 'Best Private Bank in Belgium' by an international jury at the Global Private Banking Awards 2013 organised by The Banker magazine, which is part of the Financial Times Group.

Corporate & Public Bank Belgium

Corporate & Public Bank Belgium (CPBB) provides a comprehensive range of local and international services to Belgian companies, government institutions and local authorities. With over 650 corporate clients and 11,000 midcap clients, CPBB is the market leader in these two categories and a strong challenger in public banking, currently with 650 clients. The offer range comprises flow-banking products, specialised financial expertise, securities, insurance products, real estate services, trade finance, cash management, factoring and leasing, plus M&A and capital markets activities. Two central teams comprising 40 corporate banking and 13 public banking experts, and 197 relationship managers in 22 Business Centres (at end 2013), aided by skills officers, ensure that BNP Paribas Fortis has its finger on the pulse of the market.

In the difficult market circumstances of 2013, CPBB continued to make strenuous efforts to be the 'top of mind' provider and stay close to its clients, building further on its long-term relationships and striving to obtain a better grasp of the strategic priorities and long-term objectives of each client. As the financier par excellence of the real economy, CPBB remained well-placed to meet the borrowing needs of these clients in a fully risk-aware manner. In addition to the traditional lending approach, CPBB relationship managers are also able to provide alternative financing solutions, from issuing bonds to private placements of debt paper, thanks to the Bank's profound knowhow in this field.

Moreover CPBB was able to draw on the strength of the BNP Paribas Group's international network on behalf of its clients. The close links between Corporate & Public Banking Belgium and the 80-plus countries in the network enabled CPBB to bring a number of new clients within the fold.

2013 was also the year in which CPBB began re-shaping its organisation. In order to make itself more future-proof, CPBB adjusted the number of business centres and aligned its organisation with the rest of the Bank in Belgium. With the ever-growing trend towards digitisation in mind, CPBB adapted a number of its processes in order to strengthen its relationship banking model. As a result of the integration of the trade finance operations into its organisation, CPBB will be able to provide a better service to its clients in this field.

CPBB also continued during 2013 to combine its knowhow and experience in a number of traditional banking areas. A joint approach for Cash Management, Global Trade Solutions and Fixed Income led to a successful campaign to promote the bank's capabilities in renminbi vis-à-vis clients doing business in and with China.

Determined to live up to its status as a full-service banking partner and also to seek new sources of revenue at a time of weak economic growth, CPBB continued in 2013 to target promising avenues for growth through innovation. Accordingly, the Bank set up during the year a platform for employees where innovative ideas around specific campaigns can be posted, evaluated and taken forward.

The Bank also strove to reinforce its role as a strategic partner to company clients in terms of their day-to-day needs, and cement closer relations. CPBB succeeded in maintaining high marks for client satisfaction while working to improve performance in a number of areas, such as making more frequent proactive visits to companies where BNP Paribas Fortis is not the main banking partner. During the year, CPBB clients expressed their appreciation of the professionalism of the Bank's relationship managers and specialists, the clarity and quality of the communication relating to lending decisions and processes, and the overall range of products and services.

Corporate & Investment Banking

BNP Paribas Fortis Corporate & Investment Banking (CIB) offers its clients in Belgium and across the world full access to the BNP Paribas CIB product portfolio. BNP Paribas Fortis CIB consists of five business lines: Capital Markets; Specialised Finance; Transaction Banking Europe; Corporate Finance & Equity Capital Markets; and Private Equity, plus one coverage unit – Coverage Corporate Banking Europe (CCBE).

Capital Markets, a Brussels-based platform, focuses on client-driven activities, offering a global product range through access to BNP Paribas platforms. In Fixed Income, Capital Markets serves mainly Belgian clients but also European Corporates through the CCBE network.

Transaction Banking Europe (TBE) offers clients an integrated suite of flow products to manage their treasury in Europe, including cash management (domestic and international payments) and import-export financing (including foreign exchange and deposit management). Since December 2012 TBE has been integrated into the overall structure of Corporate Banking Europe (CBE).

In 2013 Brussels also became the centre of **Specialised Finance** activities in the EMEA region for the BNP Paribas Group, with the support of five other platforms based in Frankfurt, London, Madrid, Paris and Milan. Specialised Finance Europe offers clients five main areas of support: Project Finance, Export Finance, Leveraged Finance, Corporate Acquisition Finance and Media-Telecom Finance.

On 2 August 2012, BNP Paribas and BNP Paribas Fortis signed the Terms of Reference of the Castle Specialised Finance (SF) transaction.

The purpose of this transaction is to reorganise Specialised Finance activities within the BNP Paribas Group. The agreement provides for the sale by BNP Paribas of certain of the existing Specialised Finance credits to BNP Paribas Fortis, and also lays down arrangements regarding the future of certain Specialised Finance activities. These include a referral and non-compete undertaking on the part of BNP Paribas, relating to certain Specialised Finance businesses/activities, and a decision to locate the Group's Specialised Finance Competence Centre in Brussels.

As from 1 January 2013, the related outstanding deals were economically transferred to BNP Paribas Fortis. The profit and losses on the existing SF credits portfolio are thereby deemed to be made and incurred by BNP Paribas Fortis as from 1 January 2013 (economic transfer date).

However, the actual assets and liabilities are being transferred gradually on a batch basis. As of end-December 2013, EUR 8,112 million had been transferred, out of a total estimated transfer of EUR 9,285 million. The rest of the portfolio is scheduled to be transferred by the end of March 2014.

Corporate Finance is active in Mergers & Acquisitions Advisory and in Equity Capital Markets, focusing on clients in Belgium and Luxembourg.

Private Equity plays a direct role in supporting the development and growth of companies, and offers solutions for shareholder transition by investing in equity and mezzanine finance instruments in the home markets. The fund-of-funds portfolio with an international scope is currently being run down.

Coverage Corporate Banking Europe is an integrated banking network focused on servicing large mid-caps and international clients. CCBE delivers full CIB banking products and services to corporate clients in non-domestic countries in Europe. It operates through a network of more than 30 Business Centres in 16 European countries. As of December 2012, CCBE became integrated into the overall structure of Corporate Banking Europe.

Notable deals concluded in 2013

Corporate Finance

- In May BNP Paribas successfully concluded the purchase of leading aviation ground lighting group ADB for its client PAI Partners. The Bank acted as sole advisor to PAI Partners, a leading France-based based private equity firm.

- Corporate Finance acted as advisor to Aliaxis, a world-leading Belgian plastic pipes and fittings producer, in the completion of a joint venture in India with Ashirvad, a family-owned company active in the same sector, enabling Aliaxis to grow in a promising strategic core market.

- In June 2013 BNP Paribas acted as a joint global coordinator in the IPO of bpost. The transaction was the first large Belgian IPO for more than five years.

- The acquisition by Spadel of the mineral water producer Carola (based in the Alsace region) from Nestlé Waters was successfully concluded, complementing Spadel's portfolio of mineral waters.

- Corporate Finance advised the French state-owned defence sector manufacturer SNPE in the divestment of its 27.6% stake in Tessenderlo Group to Picanol group, a EUR 191 million transaction.

- There was great demand for convertible bonds in 2013, which resulted in highly successful transactions for Cofinimmo (a EUR 191 million convertible bond for which BNP Paribas acted as joint global coordinator and joint bookrunner) and GBL (a EUR 1 billion convertible bond for which BNP Paribas was joint bookrunner).

- The delisting of Henex (a company owned by the Boël family), a transaction which will be completed in 2014, with BNP Paribas acting as sole advisor to the bidder.

- Sole advisor to Ackermans & Van Haaren in its strategic transaction to buy part of Vinci's shares in the Brussels listed construction group CFE, followed by a public offering to be launched during 2014.

Specialised Finance

Corporate Acquisition Finance:

- BNP Paribas Fortis advised Ackermans & van Haaren NV (AvH), a Belgian diversified group, on the acquisition of exclusive control over CFE, a multidisciplinary group active in PPP-concessions, construction, real estate development, multi-technics, rail and road infrastructure and marine engineering, and acted as sole arranger of EUR 502 million acquisition and refinancing facilities. In addition, BNP Paribas Fortis acted as sole corporate finance advisor for the transaction and the mandatory public bid for CFE. As a result of this transaction, AvH now holds 60.39% of the capital of CFE, and has acquired, through CFE, full control over D.E.M.E. NV, one of the leading dredging companies in the world.

- BNP Paribas acted as mandated lead arranger for the loan facilities and also bookrunner for bonds issued by the Schaeffler group, a leading manufacturer and supplier in the automotive industry. Following a successful refinancing for Schaeffler AG in the loan and bond markets last year, the group's holding company has now completed a EUR 3,875 million financing package which refinances the existing debt at holding company level.

Project Finance:

- BNP Paribas Fortis was appointed sole mandated lead arranger and sole lender on a 25-month EUR 30 million term loan to finance the construction of the Kasterlinden - De Poolster school project for children with visual and hearing impairments. This contract is similar to other PPP school projects in Belgium in that the construction obligations will be passed through on a back-to-back basis to the construction contractor. It demonstrates the permanent commitment of the Bank to the Belgian infrastructure market.

- BNP Paribas played a leading role in the combined bond and bank refinancing of LBC Tank Terminals in May 2013. LBC Tank Terminals is one of the world's largest operators of bulk liquid storage facilities for chemical and oil products, with a combined storage capacity of close to 3 million m3 at key locations in Europe, USA and China. The Bank acted as underwriter, bookrunner and mandated lead arranger for the USD 400 million bank facilities and was also mandated as high yield bookrunner for the USD 350 million senior unsecured high-yield notes which the company issued to refinance part of the existing bank facilities.

- BNP Paribas was a mandated lead arranger for the EUR 1.15 billion bank refinancing facilities of Brussels Airport and was also mandated and played an instrumental role in two private placements that Brussels Airport undertook to refinance part of its bank facilities.

- BNP Paribas played a leading role in the EUR 775 million refinancing of Madrileña Red de Gas, a Spanish gas distribution company. The Bank was mandated sole ratings adviser, mandated lead arranger on the EUR 275 million bank refinancing facilities and acted as active bond bookrunner in the debt issuance of EUR 500 million worth of notes under the EMTN program settled in September 2013.

Leveraged Finance:

- Mediq, a Netherlands-based international provider of medical devices, pharmaceuticals and associated care services, was in February 2013 acquired by leading private equity buyout specialist Advent International. BNP Paribas was mandated lead arranger and bookrunner for the senior facilities in the amount of EUR 740 million in support of this public-to-private takeover deal.

- BNP Paribas Fortis played a central role in the secondary LBO of US-based ADB, the world's number one supplier of airport lighting and guidance signs, by leading France-based private equity investor PAI Partners. BNP Paribas Fortis acted as mandated lead arranger, underwriter and bookrunner for the senior finance, in the amount of EUR 169 million, and was also financial advisor to the buyer. Leveraged Finance ensured the successful placement of the debt paper, which was heavily over-subscribed.

Media-Telecom:

- BNP Paribas acted as bookrunner for the USD 11.8 billion financing of the acquisition of Virgin Media by Liberty Global, creating the world's leading broadband communications company, covering 47 million homes and serving 25 million customers across 14 countries. The fully underwritten debt package is a mix of loan, bond and bridges in US Dollar and Pounds Sterling. BNP Paribas also assisted Liberty Global in executing large cross-currency and interest rate swaps.

- BNP Paribas acted as one of two global coordinators for a transaction that raised EUR 1.5 billion in senior secured loans for Kabel Deutschland, Germany's largest cable television operator, which was seeking to refinance existing debt with cheaper, longer-term debt. BNP Paribas significantly exceeded client expectations in several respects.

Export Finance:

- BNP Paribas signed a EUR 87.4 million (the BNP Paribas portion amounting to EUR 37.6 million) buyer credit facility covered by ONDD (the Belgian Export Credit Agency) to Eutelsat SA to finance an Arianespace satellite launch. With an innovative financing structure for a commercial contract between two French companies, Export Finance approached ONDD, which agreed to capitalise on the overall Belgian added value throughout the Arianespace programme and to provide 95% comprehensive cover. The financing structure added value to Arianespace's commercial negotiations and was a decisive factor for the signing of the commercial contract.

- BNP Paribas arranged a USD 150 million (the BNP Paribas portion amounting to USD 50 million) buyer's credit facility with Turk Telekomunikasyon A.S., covered by EKN (the Swedish Export Credit Agency), to finance the supply by Ericsson of cellular telecommunications network infrastructure equipment and related services. The facility is 100% funded by AB Svensk Exportkredit ('SEK'), a Swedish state-owned funding entity. This transaction was enabled by the presence of BNP Paribas in Turkey via TEB, Export Finance teams based in Istanbul, Brussels and Stockholm, and Media-Telecom Finance.

- BNP Paribas Fortis, through Export Finance MEA and the Export Finance Madrid desk, lead-arranged a EUR 58.5 million facility with the Kenyan Ministry of Finance, 99% covered (as to political and commercial risks) by CESCE, the Spanish Export Credit Agency. This was the first BNP Paribas Export Finance deal in Kenya. The facility partially finances a contract between Kenya Electricity Transmission Company Ltd and Isolux Ingeniería (Spain) for the construction of a 428 km/400 kV transmission line connecting the Lake Turkana wind farm to the Kenyan power grid. Wind energy is one of Kenya's strategic priorities in power generation in order to sustain economic growth and population expansion.

Capital Markets - Fixed Income

- BNP Paribas Fortis acted as joint bookrunner for biopharmaceuticals company UCB in the exchange of EUR 175 million of its existing 5-year retail bond maturing in November 2014 into a new 10-year bond. This transaction was the first-ever exchange for a plain vanilla retail bond on the Belgian market. The refinancing of part of the existing deal enabled UCB to smooth out its redemption profile while avoiding suffering from the negative carry which an outright new deal would have created.

- BNP Paribas Fortis acted as sole bookrunner in the EUR 100 million inaugural unrated private placement on behalf of Sibelga, which is active in electricity and gas distribution. The 10-year tenor was at the time of launch the longest in the nascent euro private placement market, and enabled Sibelga to achieve cost-effective alternative long-term funding.

- BNP Paribas Fortis acted as joint bookrunner for a EUR 1.2 billion dual-tranche undated deeply subordinated transaction for Solvay. In October 2013, Solvay closed the acquisition of Chemlogics, a US-based company in the Oil and Gas sector, for USD 1.345 billion. At the same time, the company issued hybrid securities with a view to reinforcing the balance sheet. This hybrid transaction reinforces the balance sheet ahead of its refinancing debt maturities from 2014 onwards, using a structure allowing recognition from both Moody's and S&P in their rating analysis to consider the issue as constituting equity for 50% until the first call date, as well as IFRS equity recognition.

In 2013 the Bank received the following awards and recognition:

- 'Best Arranger of Western European Loans' (Euroweek, 2013)
- 'Best Project Finance House in Western Europe' (Euromoney, July 2013)
- 'Renewable Financial Advisor of the Year' (Infrastructure Journal, April 2013)
- Number 2 bookrunner and mandated lead arranger by volume in the EMEA leveraged loan market for 2013 (Dealogic)
- Number 2 bookrunner and number 1 mandated lead arranger by volume in EMEA in acquisition/demerger finance for 2013 (Dealogic).

BGL BNP Paribas SA

BGL BNP Paribas is based in Luxembourg, one of the four domestic markets of the BNP Paribas Group. In the Grand Duchy, BGL BNP Paribas ranks as:

- N° 1 in Corporate Banking
- N° 2 in Retail Banking
- N° 1 Financial sector employer

and also as:

- N° 1 Banking business within the EU economic area known as the 'Grande Région'.

The three core businesses of the BNP Paribas Group – Retail Banking, Investment Solutions, and Corporate and Investment Banking – are all represented within BGL BNP Paribas.

BGL BNP Paribas has four main subsidiaries working in the leasing, factoring and financing fields, and also holds stakes in BNP Paribas group insurance and asset management companies.

Retail Banking

Retail and Corporate Banking in Luxembourg

BGL BNP Paribas Retail and Corporate Banking in Luxembourg provides a broad range of financial products and services to individual, professional and corporate clients through its network of 40 branches plus the specialised departments and units dedicated to serving corporates.

BGL BNP Paribas is the number two bank in the Grand Duchy of Luxembourg for individual customers, with 204,000 clients, representing a 16% market share. It is also the number one bank for corporates, with 36,000 clients, equivalent to a 35% share of the market. In addition, the six BGL BNP Paribas Wealth Management Centres, which are attached to the branch network, provide Private Banking services to clients resident in Luxembourg.

The key focus during 2013 was on building closer customer relationships. New Retail banking offerings were launched, including a comprehensive homeowner insurance plan and insurance cover designed especially for Luxembourg residents. Other developments included the launch of NetAgence, an online branch, and the start of an ambitious programme to overhaul the branch network.

The Corporate Banking division launched two new offerings, ForCash and Vendor Lease, and stepped up its deposit-taking drive. It also harmonised its fees and charges. Another highlight was a rise in transaction volume for the Supply Chain Management offering. In addition, cross-selling intensified as a result of several major deals and a joint offering with France and Belgium for cross-border commuters.

Personal Investors

BNP Paribas Personal Investors, a BGL BNP Paribas department which specialises in online savings and brokerage, is designed for the Bank's international clientele residing in Luxembourg or abroad, who are looking for a top-of-the-range service while maintaining the flexibility to communicate with their bank via the Internet, over the telephone and/or face to face.

With more than twenty years' experience in managing expatriates' wealth, BNP Paribas Personal Investors in Luxembourg has established a dedicated brand for these clients, The Bank For Expats®, in order to strengthen its positioning as specialist banker to the expatriate community.

Towards the end of 2013, a redesigned version of The Bank For Expats® website was launched, in line with the new advertising campaign set in motion in May. In addition, new functionalities were added to BNP Paribas Personal Investors transaction website, including a facility for trading with a Lombard loan and functionality for viewing bank statements online.

Investment Solutions

The BGL BNP Paribas Private Banking teams provide their clients with integrated, tailored wealth management solutions.

The teams are structured by market, and clients benefit from services which are customised to their needs, including multilingual services to enable them to manage their wealth in their native language. Private Banking services are also offered at our Wealth Management Centres in Luxembourg, where our private bankers are also able to draw on the expertise and knowhow of the BNP Paribas Wealth Management teams worldwide.

Wealth Management Luxembourg continued to revamp its products and services in 2013 in order to adjust to a fast-changing business environment. To satisfy growing demand for digital solutions, the Private Banking teams designed an iPad application which enables customers to view information on their portfolio, asset performance and transaction history. On the website, new functionalities were made available to high-net-worth clients.

Corporate and Investment Banking

The BNP Paribas Corporate and Investment Banking (CIB) arm in Luxembourg provides services linked to stock markets and money markets, brokerage, investment banking, structured finance, corporate hedging operations, and both active and passive portfolio management. CIB clients are mainly companies and financial institutions domiciled in the Grand Duchy. The local sales and trading teams are able to rely on back-up – in terms of knowhow and services – from the entire BNP Paribas Group.

BNP Paribas Bank Polska SA

BNP Paribas Bank Polska SA provides retail and corporate banking services in Poland. The Bank is structured around three major business lines: Retail Banking (including Private Banking and services to SMEs), Personal Finance, and Corporate & Transaction Banking.

BNP Paribas Bank Polska has a network of 224 retail banking branches and 9 Business Centres servicing corporate clients, with over 400,000 customers.

In a market characterised by intense competition, BNP Paribas Bank Polska continued the transformation of its business model in 2013, with strong focus on improving its risk profile and building out its client base in specific segments.

In 2013 BNP Paribas Bank Polska acquired some 73,000 new customers. In view of the current macroeconomic and financial market situation, the Bank will continue to develop its lending activities at an appropriate pace, focusing special attention on credit quality.

In 2013 the Bank completed a plan launched in 2012 to optimise operational efficiency and reduce costs, mainly in the central and back office functions, while at the same time investing selectively in the sales network and the business lines.

BNP Paribas Bank Polska saw continued progress on strategy implementation across the business areas in 2013. Meanwhile the Bank maintained solid capital and liquidity positions.

During the year, the Bank's management took steps, with the full support of the main shareholder, to carry out a capital increase through issuance of new shares with the aim of attaining a free float of 15% of the capital. However the process was postponed due to the announcement of the BNP Paribas Group's forthcoming acquisition of the shares of another bank in Poland, Bank Gospodarki Żywnościowej S.A., which is currently 98.51% held by the Rabobank group.

Meanwhile the product range designed for individual customers has been developed to cater to the needs of a number of segments specifically targeted by BNP Paribas Bank Polska – Mass Market, Aspiring, Affluent and Prestige clients – who are serviced through the branch network, the Internet, a call centre, plus external channels such as car dealers, insurance companies and financial brokers. Additionally, in 2013 the Bank upgraded its 'Pl@net' Internet banking service and launched an electronic banking application, Mobile Pl@net, which enables customers to carry out various banking activities via smartphones or tablet. The Bank also launched iGotówka, a 100%-online cash loan service.

The most popular products among our individual clients are cash loans linked with an active current account, and car loans. Supported by an attractive offering and powerful marketing campaigns by Personal Finance, the volume of these consumer loans granted in 2013 was up 16% on the previous year.

In addition to products and services available to individual customers, BNP Paribas Bank Polska provides services through the Private Banking unit to high-net-worth individuals holding assets worth PLN 600,000 (the equivalent of EUR 145,000) and above. The Private Banking range includes the services of a brokerage office, investment advisory services, wealth planning, discretionary portfolio management and execution of clients' orders for the sale and purchase of financial instruments. Private Banking customers also enjoy access to services and products offered by the BNP Paribas Group Wealth Management arm. In 2013 the Private Banking business enjoyed dynamic growth, based on the new model and setup launched in 2012.

In addition to individual clients, the Retail Banking segment serves SMEs, i.e. companies with a turnover of up to PLN 60 million per annum, with a complete range of financing and banking solutions through dedicated teams at the main branches. In 2013 the Bank strengthened its offering specifically tailored to the needs of micro-businesses and self-employed professionals, based on the development of transaction banking and a fast credit process underpinned by prudent risk profiling.

Due to the attractiveness of the Bank's offering to SME clients, BNP Paribas Bank Polska took second place in 2013 in the annual Forbes Polska ranking of 'Best Bank for Companies'. BNP Paribas Bank Polska was also named among the leaders in loan provision, especially as regards a wide range of loans enjoying support from EU institutions – i.e. the EBRD, EIB, and EIF – and was moreover highly rated in the Customer Service Quality category. Additionally, the Bank also launched during the year a Business Academy and a special SME training programme for entrepreneurs.

Corporate clients with an annual turnover of over PLN 60 million are served by the Corporate & Transaction Banking (CTB) business line through its nine business centres. CTB clients include both domestic companies and subsidiaries of international groups that are clients of BNP Paribas on a global or European level. During the year BNP Paribas Bank Polska acquired a number of new international clients served by BNP Paribas Group entities in other countries under the 'One Bank for Corporates in Europe' strategy.

In spite of the unstable international economic situation, CTB posted revenue growth in 2013, supported by highly successful product lines, notably structured finance, cash management and trade finance. CTB continues to develop its product offering, especially through the 'Cash Management Europe' programme.

In servicing the corporate banking segment, the Bank closely cooperates with the BNP Paribas SA Branch in Poland, part of the CIB core business, which is in charge of client coverage for approximately 20 large domestic corporate and institutional clients and the investment banking offer of the Group locally.

BNP Paribas Bank Polska has three 100%-owned subsidiaries: the asset management company TFI BNP Paribas Polska SA; leasing specialist Fortis Lease Polska Sp. z o.o.; and BNP Paribas Factor Sp. z o.o., a company which provides both non-recourse and recourse factoring services.

BNP Paribas Bank Polska also cooperates with other subsidiaries of the BNP Paribas Group in Poland which provide services such as securities services, insurance, fleet management and real estate advisory and brokerage.

Türk Ekonomi Bankası A.Ş. (TEB)

BNP Paribas Fortis operates in Turkey through TEB, in which it holds a 44.75% stake. This is the result of a merger between Fortis Bank Turkey and TEB that took place on 14 February 2011. TEB ranks 10th (as at 30 September 2013) in the country's banking sector in terms of market share in loans and deposits, and provides the full range of BNP Paribas Group Retail products and services in Turkey.

In Retail Banking, TEB provides debit and credit cards, mortgage loans, personal loans, and investment and insurance products, which are distributed through 544 branches and via Internet, phone and mobile banking.

Through its commercial and small business banking departments, the Bank offers a full range of banking services to small and medium-sized enterprises and is also recognised as having strong expertise in non-financial services. TEB was named by the International Finance Corporation (IFC) as one of the three top banks in the world for SMEs in the field of non-financial services.

Corporate Banking services include international trade finance, asset and cash management, credit services, hedging of currency, interest and commodity risk, plus factoring and leasing.

Having set a very successful example for a merger in the Turkish market, TEB continues to grow. Throughout 2013, the Bank achieved a highly satisfactory performance in revenue generation. However, some important regulatory changes resulted in slower profit growth.

Steadily increasing the accessibility of its services, TEB opened 41 new branches in 2013, bringing the total to 544, while the installation of over 600 new automated teller machines brought its ATM fleet to more than 1,677 units. While growing its network, TEB is also working to improve efficiency. During the period from end-2009 to end-2013, TEB achieved significant improvements in most of the efficiency indicators.

Through the TEB Family Academy, the Bank has embarked on a Financial Literacy and Access campaign. This corporate social responsibility initiative is in line with TEB's vision of helping families to create a better future for themselves. Since October 2012, nearly 70,000 people have received free financial literacy training.

Corporate Social Responsibility

In 2013 BNP Paribas Fortis continued to work on various CSR initiatives, demonstrating that the Bank takes its economic, social, civic and environmental responsibilities very seriously.

Economic responsibility: financing the economy in an ethical manner

The Bank continued to give considerable support to sustainable development projects in Belgium. In 2013 BNP Paribas Fortis supplied credit for a total amount of EUR 6.14 billion to 'green and social profit' sector investment projects. Among other projects, the Bank dedicated EUR 2.25 billion to investment in social profit sector initiatives (hospitals, universities, etc.), granted EUR 592.4 million in 'green' mortgages, lent EUR 1.18 billion (CPBB: EUR 308 million and CIB: EUR 876.9 million) to support projects in the field of renewable energy and EUR 190.5 million for the purchase of 'green' vehicles. Lastly, EUR 248.9 million (including loans made by Fintro) was dedicated to Energy loans.

In addition, the Bank's discretionary portfolio management (DPM) mandate for Socially Responsible Investments (SRI) is proving a great success. Assets under management grew by EUR 400 million during 2013 to reach a total of EUR 525 million by year-end (an increase of 413% on 2012) with 1,787 mandates in total.

In conjunction with the BNP Paribas Group Retail & Private Banking and Investment Partners divisions, as part of a thorough revision of the range of investment funds, the Bank developed a new suite of SRI products. In April 2013 the BP2F SRI note 2020 was launched. The investment policy for the note specifies that the integral 'savings' part must be reinvested in loans to and investments in companies, entities and projects that meet specific socio-ethical criteria. The note is audited and certified by Forum ETHIBEL, an independent consulting agency in The Netherlands that rates and audits the sustainability, ethics, and social responsibility metrics of corporations. Since its launch in April, the BP2F SRI note 2020 has been the best SRI sales product and best-selling note, attracting EUR 96 million in subscriptions.

BNP Paribas Fortis employees exposed to sensitive sectors of industry or trade followed training courses on electricity generation in coal-fired power plants and nuclear power plants, the defence industry and forest protection. The Bank has clear policies on all these sectors. Courses on mining and oil sands are now in preparation. The Bank has also set up a working group on agriculture sector policy. During the year, a large number of transactions were verified for compliance with the Bank's sector policies.

Since its launch in Brussels two years ago, microStart has become a key player in helping to combat unemployment and social marginalisation. By providing microcredit and arranging free coaching by volunteer experts, microStart helps people excluded from the traditional banking system to set up their own businesses. In 2013, microStart interviewed 1,700 project originators and granted 402 micro-loans (rising from 275 micro-loans in 2012, i.e. representing a 46% increase) totalling EUR 1.92 million. The average loan amounted to less than EUR 5,000. Since microStart was set up in 2011, its advisors have held discussions with over 3,000 would-be business starters and have granted a total of 777 micro-loans.

Two new microStart branches were launched in Ghent and Liège in June 2013. The Bank also invested EUR 7.5 million in the microfinance sector through the Rural Impulse Fund II (RIF II). This fund, which is managed by Incofin, invests in microfinance institutions (MFIs) through both debt and equity investments. MFIs offer financial services in disadvantaged rural areas.

BNP Paribas Fortis made great efforts during the year to promote banking ethics through mandatory training programmes on combating money laundering for 11,300 employees and permanent awareness-raising measures to promote ethical behaviour. The Bank also ran an intensive Customer Satisfaction campaign, based on five fundamental values: readiness to listen, transparency, partnership, approachability and social commitment.

Social responsibility: pursuing a committed and fair human resources policy

From 2012 onwards, part of employees' variable salary component is linked to the attainment of six sustainability and corporate social responsibility targets, namely: customer satisfaction; diversity; staff participation in the Employee Satisfaction and Motivation survey; training in the field of compliance and risk; reducing the impact of the Bank's activities on the environment; and improving health and general wellbeing in the workplace.

Sustainability and corporate social responsibility initiatives undertaken at the Bank include:

- An e-learning programme on 'Managing diverse teams', which has been followed by 1,800 people managers (80% of the total)

- MixCity Belgium, an internal network set up to raise the profile of women at all levels in the Bank and to increase the attractiveness vis-à-vis women of BNP Paribas Fortis as an employer.

- Launch of a new network, 'O2', which is designed to provide support to older (50+) staff and allow them to share their ideas and thoughts with the Bank and wider society.

- A set of internal quotas for female appointments: 50% of all trainees, 30-50% of participants in career development programmes, 50% of new branch managers and 25% of senior management appointments must be women.

Civic responsibility: combating social exclusion, promoting education and culture

BNP Paribas Fortis helps to combat poverty and social marginalisation and pursues a sustained policy of corporate philanthropy, with initiatives in the field of education, culture and support for underprivileged young people.

Initiatives to combat social marginalisation include:

- Belgian Homeless Cup: the Bank supports this socially-oriented sports project, which encourages homeless people to reconnect with society. The BHC project was awarded the Prince Philippe Prize in 2013.

- Win-Win fairs were held in 21 Belgian towns, the purpose being to link up local employers with socio-cultural organisations, in cooperation with the local authorities.

- BNP Paribas Fortis Foundation provided support to 300 social work organisations during the year, 178 of them receiving financial aid – worth a total of EUR 1 million – while the others received material support and/or volunteer assistance. In collaboration with the local branches, the 'Red Cents' initiative collected EUR 93,000 in donations, which enabled 33,000 meals to be distributed to the needy by charitable food banks.

Initiatives in the fields of Education & Culture include:

- 'Thuis in geldzaken/La banque en toute simplicité ('Money matters made simple'): workshops on basic financial topics, facilitated by BNP Paribas Fortis employees on a voluntary basis, the purpose being to bring together customers and prospective customers to discuss banking and non-banking topics in a free atmosphere without any commercial pitch. Some 300 sessions with more than 2,100 participants were held in 2013.

- Partnerships with universities: five current chairs and since 2013 a new research programme at HEC – University Liège.

- The Young Artistic Talent Award organised by the BNP Paribas Fortis Arts, Collection & Historical Archives department, whose purpose is to promote young artists from 18 to 35 years.

- The organisation of the Peking-Hankow Railroad exhibition (in collaboration with the BNP Paribas Group Heritage & Historical Archives Department), telling the story of the construction of the first railway line in China.

Environmental responsibility: combating climate change

BNP Paribas Fortis took further steps to reduce its environmental impact in 2013. This drive took place both at the central departments and, with the help of 500 'eco-coaches', across the entire Bank, focusing on cutting down on paper and energy consumption and reducing CO2 emissions.

A set of rules is being implemented with a view to making all the Bank's premises more energy efficient, both the large administrative buildings and data centres and also the branches. Targets have been set and an action plan drawn up as part of the ISO 14001-certified environmental care system. Every year progress is assessed and the approach modified if necessary. In addition to our efforts to gradually reduce energy consumption, the Bank's electricity supply is also 100% 'green' power.

In addition, the Bank focuses on reducing energy use and promoting sustainability in its service provision to clients, including a wide range of sustainable investment products, loans for energy-efficient construction, special conditions for the financing and insurance of environmentally-friendly vehicles, and the BNP Paribas Fortis Life Climate Change insurance product, which invests only in sectors that strive to combat climate change. New sector policy rules were also introduced this year pertaining to 'environmentally-sensitive' industries. Meanwhile an in-company agreement with the workforce representatives encourages the use of 'green' transport.

Changes in the scope of consolidation

The major changes in the consolidation scope of BNP Paribas Fortis during 2013 were related to foreign branch acquisitions and closures, the transfer of specialised finance activities from BNP Paribas Group, and the control and full consolidation of TEB. Changes in the BNP Paribas Fortis consolidation perimeter comprised, inter alia:

- The creation of a branch of BNP Paribas Fortis in the Netherlands (Amsterdam) on 27 May 2013 and the operational transfer of the activities of BNP Paribas SA, Netherlands Branch to the new BNP Paribas Fortis SA/NV branch.

- Final closure in the course of 2013 of the BNP Paribas Fortis branches in Portugal (Lisbon) and the UK (London).

- A change in consolidation method of Turk Ekonomi Bankası A.S. (TEB), from proportional to full consolidation.

- The transfer of CIB specialised finance loan portfolios and businesses from BNP Paribas Group to BNP Paribas Fortis, which began as from the first quarter of 2013, continuing through to the beginning of 2014.

More information on the changes in the scope of consolidation is provided in note 8.a 'Scope of consolidation' and note 8.b 'Business Combinations'.

Change in the share ownership

On 13 November 2013 the Belgian State and BNP Paribas reached an agreement for the transfer to BNP Paribas of the 25% + 1 share stake held by the Belgian State (via FPIM/SFPI) in BNP Paribas Fortis SA/NV, for a price of EUR 3.25 billion. This shareholding originated in transactions carried out in 2008-2009 at a time when the financial situation of Fortis Bank Belgium (now BNP Paribas Fortis) had deteriorated. At that time the Belgian State took on (through the FPIM/SFPI) 25% of the shares of Fortis Bank Belgium, the remaining shares being purchased by BNP Paribas. The 13 November transaction does not alter the consolidation scope of BNP Paribas Fortis.

BNP Paribas Fortis credit ratings at 28/02/2014

	Long-term	Outlook	Short-term
Standard & Poor's	A+	Negative	A-1
Moody's	A2	Stable	P-1
Fitch Ratings	A+	Stable	F1

The table above shows the main BNP Paribas Fortis credit ratings and outlook at 28 February 2014. Each of these ratings reflects the view of the rating agency specifically at the moment when the rating was issued; any explanation of the significance of a given rating is to be obtained from the rating agency which issued it.

There were no adjustments to the credit ratings in the course of 2013.

Forward-looking Statements

It should be noted that any statement of future expectations and other forward-looking elements are based on the company's current views and assumptions and involve a degree of risk and uncertainty, especially given the current general economic and market conditions.

Comments on the evolution of the results

BNP Paribas Fortis delivered a sound business performance in 2013 in a challenging economic and financial environment. Operating income amounted to EUR 1,676 million, a strong increase by EUR 549 million or 49% compared to 2012 thanks to higher revenues and strong costs control partly offset by a higher cost of risk. Net profit attributable to shareholders came in at EUR 638 million in 2013, up EUR 325 million compared to 2012 and mainly driven by slightly higher result on share of earning of associates and net gain/loss on non-current assets as 2012 was impacted by a loss on disposals.

The positive result is driven by resilient commercial and financial revenues in most entities of BNP Paribas Fortis. The commercial revenues were supported by an increased commission income while net interest income was under pressure. The financial revenues were higher due to less negative own credit risk spread impact including a positive debt valuation adjustment, and capital gains on sales of government bonds. Total expenses adjusted for scope changes were significantly lower thanks to good cost control in most geographies. The cost of risk level is higher than in 2012 that benefited from releases of collective provision. Income from associates was higher thanks to increased contribution from BNP Paribas Investment Partners and AG Insurance while both years were impacted by an impairment on the asset management participation. Non-operating income contained a loss of EUR (236) million in 2012 mainly due to disposal of foreign entities. The income tax expenses in 2012 were positively impacted by the recognition of deferred tax assets on the liquidation losses of former participations.

The comparison between 2013 and 2012 results is impacted by the change from equity method to full consolidation of the leasing activities as from Q2 2012 onwards and of some factoring entities as from Q2 2013 onwards, by the entry into scope of the branches in Norway (in Q4 2012) and The Netherlands (in Q2 2013) and by the transfer of Specialised Finance activities to CIB Belgium. These impacts are detailed in the paragraphs below. The change to full consolidation of TEB following the amendment of the shareholders' agreement has a limited impact on the 2013 results, mainly to the fact that the transaction only took place at year end.

From a geographical point of view, based on the location of the BNP Paribas Fortis entities, 58% of the revenues were generated in Belgium, 12% in Luxembourg and 30% in other countries in which BNP Paribas Fortis is active.

Net interest income reached EUR 4,439 million in 2013, down by EUR 18 million compared to 2012. Scope changes related to the full consolidation of the leasing activities (as of Q2 2012) and of some factoring entities (as of Q2 2013) as well as the entering into scope of the branches in Norway and The Netherlands and the transfer of Specialised Finance activities in Belgium, had a positive impact of EUR 249 million. The underlying downward trend in net interest income is mainly located in Belgium, Luxembourg and CIB outside Belgium. The decrease in Belgium was related to the renewal or re-investment at lower interest rates in the bond portfolio and lower revenues at Retail Banking due to pressure on the margin of liabilities. Lower margin on deposits mainly on saving accounts despite higher volumes was partly counterbalanced by higher margin on loans mainly thanks to the new mortgages production (both volume and margin impact). The interest margin in BGL BNP Paribas was negatively impacted by the sale of government bonds in 2012 and lower margins on commercial activities mainly at Wealth Management and CIB. Interest revenues at CIB branches (mainly UK, US, Spain and Portugal) were under pressure due to the rundown of portfolios. Furthermore, net interest income was slightly under pressure in Turkey (as volume impact was offset by interest rate ceiling since June 2013 and depreciation of the Turkish lira) while interest revenues at Personal Finance benefited from volume growth.

Net commission income amounted to EUR 1,557 million in 2013, up EUR 240 million or 18% compared to 2012. Scope changes related to leasing entities, some factoring entities, the branches in The Netherlands and Norway and the commissions earned on the transfer of Specialised Finance activities to CIB Belgium had a positive impact of EUR 158 million. The underlying increase in net commission income was supported by higher selling fees on off-balance products and higher management fees at Belgian Retail Banking while 2012 included the fee of EUR (17) million paid to the Belgian State to end the guarantee on the Structured Credit Instruments portfolio. Furthermore, net commission income increased in Luxembourg (thanks to higher trailer and performance fees and higher retrocession fees from BNP Paribas on CIB activity) and in Turkey (following growth in business and commissions on credit cards transactions and payment services).

Net results on financial instruments at fair value through profit or loss were at EUR 249 million, up by EUR 160 million compared to 2012. This was mainly driven by the lower net negative credit spread impact of EUR (72) million in 2013 (resulting from a negative fair value change of own debt of EUR (94) million and a positive fair value change of loans to public institutions of EUR 22 million) compared to EUR (172) million in 2012. Furthermore, a positive debt valuation adjustment of EUR 23 million was booked in 2013 while in 2012 an indemnity of EUR (69) million was paid (following the unwinding of part of the subordinated debt Cashes).

Net results on available-for-sale financial assets amounted to EUR 164 million in 2013 compared to EUR (45) million in 2012. The positive result in 2013 was linked to sales of government bonds in Belgium (mainly EUR 134 million on Belgian bonds and EUR 16 million on Polish bonds) and in Turkey (EUR 22 million on Turkish bonds). In 2012, the reduction of the exposure to sovereign risk led to losses on the sale of Portuguese government bonds (EUR (134) million), partly counterbalanced by gains on the sale of Greek exchanged bonds and other European (i.e. German and Belgian) government bonds.

Net income from other activities arrived at EUR 106 million in 2013, up by EUR 43 million compared to 2012. This is mainly due to the scope change for leasing entities (full consolidation as of Q2 2012), next to the loss on disposal of investment property and impairments on investment property recorded by some leasing entities in run-down in 2012.

Salary expenses and operating expense amounted to EUR (4,134) million in 2013, EUR 10 million lower than in 2012. Scope changes related to leasing entities and some factoring entities, to branches in The Netherlands and Norway and the transfer of Specialised Finance activities had an increasing impact of EUR (136) million. Operating expenses were lower in most geographies (especially in Belgium), partly offset by higher expenses in Turkey and Luxembourg. Cost evolution in Belgium was positively impacted by the rollout of the Bank for the Future program launched in December 2012: lower staff expenses (due to decrease in FTE's and lower provision for restructuring plans which more than offset the impact of the wage drift), lower IT-charges, VAT recovery in 2013 and higher restructuring costs in 2012. Cost increase in Luxembourg is linked to higher staff expenses (due to a provision for early departures of EUR (41) million) whereas the cost increase in Turkey is linked to growth initiatives (branches, ATM and staff).

Depreciation charges were at EUR (212) million in 2013, EUR 24 million lower versus prior year. Scope changes related to leasing entities, to some factoring entities and to branches in The Netherlands and Norway had an increasing impact of EUR (3) million. The decrease in depreciation charges is mainly explained by the write-off on intangible assets of EUR (10) million at the branches in Portugal and UK in 2012 and by less depreciation costs on IT assets (EUR 9 million).

Cost of risk amounted to EUR (493) million in 2013, EUR 119 million higher than in 2012. This is mainly due to one-off releases in 2012 of collective provisions especially at Belgian Retail banking (EUR 72 million). Specific provisions were higher than in 2012 mainly due to CIB Branches (driven by specific files in Spain) and Turkey, partly counterbalanced by lower specific provisions at Belgian Retail banking.

Share of earnings of associates reached EUR (251) million in 2013 compared to EUR (295) million in 2012. Both years were impacted by an impairment on the asset management participations (EUR (446) million in 2013 compared to EUR (470) million in 2012). The change from equity method to full consolidation of the leasing entities in Q2 2012 and some factoring entities in Q2 2013 gave rise to a negative variance of EUR (15) million. BNP Paribas Investment Partners contributed EUR 70 million compared to EUR 53 million in 2012, partly thanks to the partial reversal of a disposal loss taken in 2012. AG insurance contributed EUR 81 million compared to EUR 55 million in 2012 that was impacted by impairments on Greek debt.

Net results on non-current assets came in at EUR 64 million in 2013 compared to EUR (236) million in 2012. The positive result in 2013 is impacted by the revaluation of the subordinated loan issued by TEB (EUR 46 million),(as a consequence of the business combination described in note 8.b of the Consolidated Financial Statement), the liquidation of Fortis Holding Malta (EUR 22 million) and the adjustment on the disposal result of the Portugal branch (EUR 7 million), partly counterbalanced by the adjustment on the disposal result of the UK branch (EUR (10) million) and a loss on the disposal of hardware (EUR (9) million). The negative result in 2012 was related to the anticipated losses on the disposal of the UK and Portugal branches (EUR (105) million), the recycling through P&L of currency conversion reserves linked to the liquidation of Fortis Proprietary Investments and FB Energy Trading (EUR (94) million) and a loss on the disposal of hardware (EUR (15) million.

Income tax expenses in 2013 came in at EUR (529) million with an effective tax rate of 36%. Excluding the share of earnings of associates that is reported net of income taxes, the effective tax rate stood at 30%. Income taxes in 2012 amounted to EUR (45) million including the recognition of deferred tax assets (DTA) on tax losses carry-forward generated by the liquidation losses of participations (EUR 291 million). Excluding this DTA recognition and the share of earnings of associates that is reported net of income taxes, the effective tax rate stood at 38%.

Net income attributable to minority interests amounted to EUR 322 million in 2013, EUR 84 million higher than in 2012 and mainly driven by the higher results at BGL BNP Paribas and Leasing entities (due to scope change as from Q2 2012 onwards with an increase in minority interests from 50% to 75%).

Comments on the evolution of the balance sheet

The BNP Paribas Fortis balance sheet totaled EUR 261 billion at the end of December 2013, EUR (11) billion or 4% lower than at the end of 2012. Scope changes related to the transfer of Specialised Finance activities, the first consolidation of the branch in the Netherlands, the change to full consolidation of TEB and some factoring entities and the branches in the UK and Portugal leaving the scope, had an overall increasing impact of EUR 23 billion in total assets. Furthermore, repurchase agreement activities on the liabilities side went up while due to customers were supported by higher customer deposits. These increases were more than counterbalanced by a downward movement on the derivative instruments resulting from the compression of deals, lower securities classified as Loans and Receivables, lower available for sale financial assets and lower balances at the central banks and lower due to credit institutions. Debt securities and subordinated liabilities decreased due to reimbursements.

From a geographical point of view - based on the location of BNP Paribas Fortis companies -, 68% of the assets are located in Belgium, 8% in Luxembourg and 24% in other countries mainly impacted by the full consolidation of TEB and the entry of the branch in the Netherlands.

Assets

Cash and amounts due from central banks amounted to EUR 10.2 billion at the end of December 2013, a decrease of EUR (0.9) billion on end-2012. The funding placed on the (overnight) deposit facility with the central bank decreased by EUR (5.5) billion in Belgium and by EUR (1.1) billion in Luxembourg. This was partly counterbalanced by an increase in the monetary reserves with the central bank in Belgium (EUR 4.3 billion) and by the scope impact of the full consolidation of TEB (EUR 1.2 billion) and the entry into scope of the branch in The Netherlands (EUR 0.8 billion).

Financial assets at fair value through profit or loss saw a substantial decrease in 2013, falling by EUR (15.1) billion or 45% to EUR 18.4 billion. This was mainly driven by the downward movement on the derivative instruments by EUR (15) billion (from EUR 22.1 billion end 2012 to 7.1 billion end 2013) which, apart from the market evolutions, mainly resulted from the 'One window to the market' project. This project contained a novation phase, whereby external deals are replaced by back-to-back deals with BNP Paribas and a compression phase, whereby deals are early terminated and replaced by new deals with the same interest rate risk sensitivity, but other expected future cash flows and lower fair values. On top of this, the reverse repurchase agreement activities declined by EUR (0.7) billion, however counterbalanced by an increase in securities & loans (EUR 0.6 billion).

Available-for-sale financial assets decreased by EUR (2.6) billion or 7% to EUR 32.9 billion at the end of December 2013. This is mainly attributable to a decline in the government bond portfolio of EUR (1.7) billion (including the EUR 0.8 billion scope impact of the full consolidation of TEB), the corporate bonds portfolio (EUR (0.9) billion) and in the equities portfolio (EUR (0.5) billion). The decrease in the government bonds portfolio is driven by sales and redemptions of Belgian bonds (EUR (1.3) billion), French bonds (EUR (0.6) billion) and Polish bonds (EUR (0.2) billion).

Loans and receivables due from credit institutions amounted to EUR 19.5 billion at the end of December 2013, compared to EUR 18.5 billion at end-2012. This increase was mainly driven by the excess liquidity placed with the ECB by the branch in Germany (EUR 1.5 billion) by the opening of the branch in The Netherlands (EUR 0.4 billion) and the full consolidation of TEB (EUR 0.5 billion). This was partly offset by a decrease in interbank balances in Belgium en Luxembourg (EUR (0.9) billion).

Loans and receivables due from customers amounted to EUR 160.5 billion at the end of 2013, compared to EUR 147.8 billion at the end of 2012, an increase by EUR 12.7 billion or 9%. This is mainly attributable to scope changes such as the full consolidation of TEB (EUR 6.9 billion) and some factoring entities (EUR 1.1 billion), the growth of Specialised Finance (EUR 11 billion of which 8.1 billion migrated loans) and the first consolidation of the branch in The Netherlands (EUR 1.6 billion). Securities were EUR (5.8) billion lower mainly due to the Goldfish securities (calls and sale in February and May 2013 for EUR (3.9) billion) and other sales from the structured credit portfolio (EUR (0.9) billion). Excluding scope impact and evolutions in securities and reverse repurchase agreements (which declined by EUR (0.2) billion), loans stood at EUR 125 billion compared to EUR 127 billion at end 2012. Moderate loan growth in Retail Banking in Belgium (mainly on the back of mortgage loans) and in Personal Finance (in line with higher business activity), was offset by a decline in loans at Leasing mainly in the non-core portfolio and at CIB outside Belgium (mainly in Spain and Norway).

Accrued income and other assets decreased by EUR (2.8) billion or 28% to EUR 7.2 billion at the end of December 2013, driven by lower margin accounts (mainly cash collaterals on derivatives linked to the compression project).

Investments in associates amounted to EUR 3.0 billion at the end of December 2013, a decrease of EUR (0.6) billion or 16% compared to the end of 2012. This is mainly related to the impairment on the asset management participations of EUR (0.4) billion and a decrease of EUR (0.1) billion at AG Insurance.

Assets classified as held for sale decreased by EUR (2.1) billion compared to the end of 2012. This is linked to the classification of the branches in Portugal (EUR 0.6 billion) and in the UK (EUR 1.5 billion) as 'Held for sale' at the end of 2012 (in the frame of the forthcoming transfer of these activities to BNP Paribas). The transfer was done in May 2013 for the Portugal branch and in November 2013 for the UK Branch. At end 2013, no assets classified as Held for sale are left.

Liabilities and equity

Financial liabilities at fair value through profit or loss decreased by EUR (8.6) billion or 28% to EUR 22.2 billion at the end of December 2013. Trading derivatives instruments went down by EUR (13.6) billion from EUR 18.3 billion at the end of 2012 to EUR 4.7 billion at the end of 2013 which, apart from the market evolutions, mainly resulted from the compression of deals. This was partly offset by an increase of the repurchase agreement activities by EUR 4.7 billion.

Due to credit institutions stood at EUR 18.7 billion at the end of December 2013, EUR (5.1) billion or 21% lower than at end-2012. This decrease was driven by lower interbank borrowing in Belgium (EUR (4.1) billion) linked to the evolution in the NBB tender (repayment before maturity of the LTRO of EUR (5.3) billion and a new tender of EUR 1.5 billion in Q4) and at Leasing (EUR (1.8) billion, due to lower funding needs). This was partly counterbalanced by the full consolidation of TEB with an impact of EUR 2.4 billion.

Due to customers amounted to EUR 160.8 billion at the end of December 2013, an increase of EUR 14.6 billion or 10% compared to the end of 2012. This is mainly attributable to scope changes such as the full consolidation of TEB (EUR 6.2 billion) and some factoring entities (EUR 0.2 billion) and the first consolidation of the branch in The Netherlands (EUR 5.1 billion). Excluding scope impact and repos, deposits came to EUR 142 billion compared to EUR 139 billion at end 2012, supported by deposit growth in Belgium (mainly current accounts and saving accounts), CIB outside Belgium (mainly corporate client deposits in the branch in Germany) and in Turkey.

Debt Securities amounted to EUR 15.9 billion at 31 December 2013, a decrease of EUR 6.5 billion or 29% versus end-2012. This is mainly driven by reimbursements of certificates of deposits and other debt securities, next to limited new issues of long term debt given a low appetite for long term saving investments from retail customers.

Accrued expenses and other liabilities decreased by EUR (1.3) billion to EUR 6.7 billion at end 2013, mainly due to lower margin accounts (cash collaterals on derivatives, linked to the compression project), partly compensated by the recognition of a liability in TEB related to put options held by a third party (EUR 0.3 billion).

Subordinated debt decreased by EUR (1.3) billion or 17% to EUR 6.3 billion at end 2013, driven by the redemptions of subordinated borrowings and subordinated certificates (of which the early reimbursement of a Tier 2 note of EUR 0.8 billion).

Liabilities classified as held for sale decreased by EUR (1.7) billion compared to the end of 2012. This is linked to the liabilities of the branches in Portugal (EUR 0.1 billion) and in the UK (EUR 1.6 billion) that were transferred to BNP Paribas in 2013. At end 2013, no Liabilities classified as Held for sale are left.

Shareholders' equity amounted to EUR 18.7 billion at 31 December 2013 in line with end of 2012. The year's net result (EUR 0.6 billion) was offset by the dividends paid (EUR (256) million), by the goodwill of Castle SF (EUR (0.3) billion) and the reversal of the put option at TEB (EUR 64 million).

Minority interests increased by EUR 0.5 billion to reach EUR 4.8 billion at 31 December 2013, mainly attributable to the impact of the full consolidation of TEB (EUR 0.4 billion).

Liquidity and solvency

BNP Paribas Fortis liquidity remained solid with customer deposits standing at EUR 161 billion and customers loans at EUR 153 billion. This favorable liquidity situation allows to absorb the impact of the acquired Specialised Finance lending activities.

Customer deposits consist of due to customers excluding repurchase agreements and customer loans are loans and receivables due from customers excluding securities classified as loans and receivables and reverse repurchase agreements.

BNP Paribas Fortis' solvency remained strong. At 31 December 2013, BNP Paribas Fortis' Tier 1 capital ratio stood at 14.8 %, in line with the ratio on 31 December 2012 (restated for the IAS19 Employee benefits impact on capital). The total capital ratio stood at 17.4 % at the end of December 2013, well above the regulatory required minimum of 8%, however down from 18.5% end of 2012 (restated for the IAS19 Employee benefits impact on capital).

The decrease of the total capital ratio with 1% compared to last year, can be mainly explained by a decrease in Tier 2 capital of EUR (1.7) billion due to early reimbursement of subordinated debts.

Principal risks and uncertainties

BNP Paribas Fortis' activities are exposed to a number of risks such as credit risk, market risk, liquidity risk and operational risk. To ensure that these risks are identified and adequately controlled and managed, the Bank adheres to a number of internal control procedures and refers to a whole array of risk indicators, which are further described in note 4, 'Risk Management and Capital Adequacy' of the BNP Paribas Fortis Consolidated Financial Statements 2013.

BNP Paribas Fortis is involved as a defendant in various claims, disputes and legal proceedings in Belgium and in some foreign jurisdictions, arising in the ordinary course of its banking business and following the restructuring of BNP Paribas Fortis and BNP Paribas Fortis Group at the end of September and beginning of October 2008, as further described in note 8.j 'Contingent assets and liabilities' of the BNP Paribas Fortis Consolidated Financial Statements 2013.

Events after the reporting period are further described in the note 8.l 'Events after the reporting period' of the BNP Paribas Fortis Consolidated Financial Statements 2013.

Statement of the Board of Directors

The Board of Directors of BNP Paribas Fortis is responsible for preparing the BNP Paribas Fortis Consolidated Financial Statements as at 31 December 2013 in accordance with International Financial Reporting Standards as adopted by the European Union and the BNP Paribas Fortis Non-consolidated Financial Statements as at 31 December 2013 in accordance with rules laid down in the Belgian Royal Decree of 23 September 1992 on the annual accounts of credit institutions.

The Board of Directors reviewed the BNP Paribas Fortis Consolidated and Non-consolidated Financial Statements on 20 March 2014 and authorised their issue.

The Board of Directors of BNP Paribas Fortis declares that, to the best of its knowledge, the BNP Paribas Fortis Consolidated Financial Statements and the BNP Paribas Fortis Non-consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit and loss of BNP Paribas Fortis and the undertakings included in the consolidation and that the information herein contains no omissions likely to modify significantly the scope of any statements made.

The Board of Directors of BNP Paribas Fortis also declares that, to the best of its knowledge, the management report includes a fair review of the development, results and position of BNP Paribas Fortis and the undertakings included in the consolidation, together with a description of the principal risks and uncertainties with which they are confronted.

The BNP Paribas Fortis Consolidated Financial Statements and the BNP Paribas Fortis Non-consolidated Financial Statements as at 31 December 2013 will be submitted to the Annual General Meeting of Shareholders for approval on 24 April 2014.

Brussels, 20 March 2014
The Board of Directors of BNP Paribas Fortis

Corporate Governance Statement

BNP Paribas Fortis has issued debt securities that are listed on a regulated market in the sense of Article 2, 3° of the Law of 2 August 2002 regarding the supervision of the financial sector and financial services. In addition, but without the involvement of BNP Paribas Fortis itself however, its shares are traded from time to time on a multilateral trading facility in the sense of Article 2, 4° of the Law of 2 August 2002 regarding the supervision of the financial sector and financial services.

Taking into account the above and in accordance with Article 96§2 of the Companies Code and Article 1 of the Royal Decree of 6 June 2010, BNP Paribas Fortis has adopted the 'Belgian Corporate Governance Code 2009' as its reference code (hereafter referred to as 'the Code').

The Code can be consulted on
http://www.corporategovernancecommittee.be

The Remuneration Report as referred to in Provision 7.2 of the Code can be found in Note 8.d 'Remuneration and benefits awarded to the BNP Paribas Fortis corporate officers'.

1. Compliance with the Code

BNP Paribas Fortis complies in globo with the principles and provisions of the Code. Main differences relate to Principle 8: 'Dialogue with shareholders'. The fact that the Company is not able to comply with all of the provisions of Principle 8 of the Code relates to the ownership of BNP Paribas Fortis. BNP Paribas SA holds 99.93% of the shares of BNP Paribas Fortis. The remaining 0.07% of the issued shares are held by minority shareholders. Nevertheless, BNP Paribas Fortis constantly communicates with its various stakeholders through its website and via other media.

The Bank's Corporate Governance Charter is available on the Bank's website.

BNP Paribas SA itself is a Euronext listed company, which implies that certain legal provisions on the disclosure of sensitive information to the market need to be taken into account by BNP Paribas Fortis, its Directors and staff. The Board of Directors is however determined to protect the interests of all shareholders of BNP Paribas Fortis at all times and will provide all of them with the necessary information and facilities to exercise their rights, in compliance with the Companies Code.

The Bank's diversity policy is in line with the aim of having at least one third of the seats on its Board occupied by women by January 2017.

BNP Paribas Fortis did not receive any transparency declarations within the meaning of the Law of 2 May 2007 on the disclosure of significant shareholdings.

While no formal meetings among Non-Executive Directors were held in the absence of the Chairman of the Executive Board or other Executive Directors for the purpose of evaluating interactions with these Executive Directors (provision 4.12 of the Code), nevertheless, given the share ownership of the Bank and the composition of the Board of Directors, an ongoing dialogue is maintained among Non-Executive Directors both inside and outside the Board of Directors and its committees.

2. Governing Bodies

Board of Directors

Role and responsibilities

In accordance with the legislation and regulations relating to credit institutions prevailing in Belgium, the Board of Directors is responsible for setting the general policy of the Bank ('policy function'), supervising the activities of the Executive Board, appointing and dismissing the members of the Executive Board and supervising the Internal Control Functions ('supervisory function'). The Board of Directors decides on the company's values and strategy, its risk appetite and key policies.

In accordance with Article 26 of the Banking Act[1] and Article 22 of the Articles of Association of BNP Paribas Fortis ('Articles of Association'), the members of the Board of Directors have elected from among themselves an Executive Board, whose members are referred to as 'Executive Directors'. In accordance with the Banking Act and the NBB regulations, and within the limits thereof, the Executive Board has received a general delegation of power to perform any acts necessary or relevant to managing the banking activities within the general policy framework set out by the Board of Directors ('management function').

Size and membership criteria

The Board of Directors must be made up of not less than five and not more than 35 Directors. Members of the Board of Directors are appointed for one or more renewable periods, each of them not exceeding four years.

It is the policy of BNP Paribas Fortis that the composition of the Board of Directors consists of an appropriate and balanced mix (i) between skills & competences, (ii) of men and women and (iii) between Executive Directors and Non-Executive Directors, whether independent or not. Executive Directors may however not constitute the majority in the Board of Directors.

Legal persons cannot be member of the Board of Directors.

All Directors must be suitable ('fit and proper') and are all preselected and assessed according to a predefined list of selection criteria.

In accordance with the Banking Act of 22 March 1993, BNP Paribas Fortis will assess and evaluate the suitability of each nominee for directorship. The same applies in the event of re-appointment.

BNP Paribas Fortis will re-assess the suitability of each Director annually.

Composition

On 20 March 2014, the composition of the Board of Directors is as follows:

DAEMS Herman
Chairman of the Board of Directors; Non-Executive Director; Member of the Board of Directors since 14 May 2009.
Board Member mandate expires at the 2016 Ordinary Annual General Meeting of Shareholders.

CHODRON de COURCEL Georges
Vice Chairman of the Board of Directors; Non-Executive Director; Member of the Board of Directors since 14 May 2009.
Board Member mandate expires at the 2016 Ordinary Annual General Meeting of Shareholders.

JADOT Maxime
Executive Director; Chairman of the Executive Board since 01 March 2011; Member of the Board of Directors by cooption since 13 January 2011.
Board Member mandate was confirmed and renewed on 21 April 2011 and expires at the 2015 Ordinary Annual General Meeting of Shareholders.

DIERCKX Filip
Executive Director; Vice Chairman of the Executive Board; Member of the Board of Directors since 28 October 1998.
Board Member mandate was renewed on 18 April 2013 and expires at the 2017 Ordinary Annual General Meeting of Shareholders.

MENNICKEN Thomas
Executive Director; Member of the Board of Directors and of the Executive Board since 14 May 2009.
Board Member mandate expires at the 2016 Ordinary Annual General Meeting of Shareholders.

[1] *Law of 22 March 1993 regarding the statutes of and the supervision on credit institutions*

VANDEKERCKHOVE Peter
Executive Director; Member of the Board of Directors and of the Executive Board since 21 April 2011.
Board Member mandate expires at the 2015 Ordinary Annual General Meeting of Shareholders.

REMY Dominique
Executive Director; Member of the Board of Directors by cooption since 25 July 2012, entering into force on 30 August 2012.
Board Member mandate was confirmed and renewed on 11 December 2012 and expires at the 2016 Ordinary Annual General Meeting of Shareholders.

BONNAFÉ Jean-Laurent
Non-Executive Director; Member of the Board of Directors since 14 May 2009.
Board Member mandate expires at the 2016 Ordinary Annual General Meeting of Shareholders.

BOOGMANS Dirk
Independent Non-Executive Director; Member of the Board of Directors since 1 October 2009.
Board Member mandate expires at the 2016 Ordinary Annual General Meeting of Shareholders.

d'ASPREMONT LYNDEN Antoinette
Independent Non-Executive Director; Member of the Board of Directors since 19 April 2012.
Board Member mandate expires at the 2016 Ordinary Annual General Meeting of Shareholders.

DECRAENE Stefaan
Non-Executive Director; Member of the Board of Directors since 18 April 2013. Board Member mandate expires at the 2017 Ordinary Annual General Meeting of Shareholders.

DUTORDOIR Sophie
Independent Non-Executive Director; Member of the Board of Directors by cooption since 30 November 2010.
Board Member mandate was confirmed and renewed on 21 April 2011 and expires at the 2015 Ordinary Annual General Meeting of Shareholders.

PAPIASSE Alain
Non-Executive Director; Member of the Board of Directors since 14 May 2009.
Board Member mandate expires at the 2016 Ordinary Annual General Meeting of Shareholders.

STÉPHENNE Jean
Non-Executive Director; Member of the Board of Directors since 26 April 2001.
Board member mandate was renewed on 18 April 2013 and expires at the 2015 Ordinary Annual General Meeting of Shareholders.

VARÈNE Thierry
Non-Executive Director; Member of the Board of Directors since 14 May 2009.
Board Member mandate expires at the 2016 Ordinary Annual General Meeting of Shareholders.

VILLEROY DE GALHAU François
Non-Executive Director; Member of the Board of Directors since 19 April 2012.
Board Member mandate expires at the 2016 Ordinary Annual General Meeting of Shareholders.

Mr. Luc VANSTEENKISTE is a permanent invitee to the Board of Directors.

The BNP Paribas Fortis Board of Directors, which is responsible for setting general policy and supervising the activities of the Executive Board, is currently composed of sixteen Directors, of which eleven are Non-Executive Directors (three of these appointed as Independent Directors in compliance with the criteria laid down in Article 526ter of the Companies Code) and five are Executive Directors.

Between 1 January 2013 and 31 December 2013, the composition of the Board of Directors was as follows:

DAEMS, Herman
Chairman of the Board of Directors

CHODRON de COURCEL, Georges
Vice Chairman of the Board of Directors

BONNAFÉ, Jean-Laurent
Non-Executive Director

JADOT, Maxime
Chairman of the Executive Board; Executive Director

DIERCKX, Filip
Vice Chairman of the Executive Board; Executive Director

FOHL, Camille
Non-Executive Director (until 18 April 2013)

MENNICKEN, Thomas
Executive Director; Member of the Executive Board

REMY, Dominique
Executive Director; Member of the Executive Board

VANDEKERCKHOVE, Peter
Executive Director; Member of the Executive Board

BOOGMANS, Dirk
Independent Non-Executive Director

DUTORDOIR, Sophie
Independent Non-Executive Director

STÉPHENNE, Jean
Independent Non-Executive Director (until 18 April 2013); Non-Executive Director (since 19 April 2013)

PAPIASSE, Alain
Non-Executive Director

VARÈNE, Thierry
Non-Executive Director

GEENS, Koen
Non-Executive Director (until 5 March 2013)

VILLEROY DE GALHAU, François
Non-Executive Director

d'ASPREMONT LYNDEN, Antoinette
Independent Non-Executive Director

DELWAIDE, Henri
Non-Executive Director (until 24 December 2013)

ABRAHAM, Filip
Non-Executive Director (from 18 March 2013 until 12 December 2013)

DECRAENE, Stefaan
Non-Executive Director (since 18 April 2013)

Attendance at meetings:

The Board of Directors held 13 meetings in 2013. Attendance at meetings was as follows:

Director	Number of Meetings Attended
DAEMS, Herman	13
CHODRON de COURCEL, Georges	10
BONNAFÉ, Jean-Laurent	4
JADOT, Maxime	13
BOOGMANS, Dirk	12
d'ASPREMONT LYNDEN, Antoinette	11
DIERCKX, Filip	13
DUTORDOIR, Sophie	10
FOHL, Camille (until 18 April 2013)*	2
GEENS, Koen (until 5 March 2013)*	1
MENNICKEN, Thomas	12
PAPIASSE, Alain	5
REMY, Dominique	9
STÉPHENNE, Jean	9
VANDEKERCKHOVE, Peter	12
VARÈNE, Thierry	11
VILLEROY DE GALHAU, François	9
DELWAIDE, Henri	10
VANSTEENKISTE, Luc**	11
DECRAENE, Stefaan (since 18 April 2013)*	7
ABRAHAM, Filip (since 18 March 2013)*	10

** Fewer meetings attended as the Director joined or left the Board during 2013.*

*** Present as permanent invitee.*

Assessment of the Board of Directors

Under the leadership of the Chairman of the Board of Directors the Board bi-annually assesses its performance and those of the Board Committees, and also its interaction with the executive management.

The evaluation process has three objectives:

- to assess how the Board or the relevant Board Committee operates and their overall composition;
- to verify that the matters within its remit are suitably prepared and discussed
- to evaluate the actual contribution of each Director's work

Remuneration

Information regarding the total remuneration for 2013, including benefits in kind and pension costs, of Executive and Non-Executive Members of the Board of Directors, paid and payable by BNP Paribas Fortis, is to be found in Note 8.d 'Remuneration and benefits awarded to the BNP Paribas Fortis corporate officers' of the BNP Paribas Fortis Consolidated Financial Statements. This report is deemed to be the Remuneration Report in accordance with Provision 7.2 of the Code.

Board Committees

In order to fulfil its role and responsibilities efficiently, the Board of Directors has set up an Audit, Risk and Compliance Committee and a Governance, Nomination and Remuneration Committee. The existence of these Committees does not in any way impinge upon the Board's right to set up further ad-hoc committees to deal with specific matters as and when the need arises. Each Board Committee has an advisory function in relation to the Board. The appointment of committee members is based on (i) their specific competencies and experience, in addition to the general competency requirements for Board Members, and (ii) the requirement that each committee, as a group, should possess the competencies and experience needed to perform its tasks.

The establishment, composition, responsibilities and functioning of the aforementioned Board Committees comply with the Code.

Audit, Risk & Compliance Committee (ARCC)

The role of the ARCC is to assist the Board in fulfilling its supervision and monitoring responsibilities in respect of internal control in the broadest sense within BNP Paribas Fortis, including internal control over financial reporting and risk.

Role and responsibilities

The task of the ARCC is to monitor, review and make recommendations to the Board of Directors regarding:

Audit

- **Performance of the external audit process.** The ARCC oversees the work performed by the external auditors, reviews their audit plan, formally evaluates their performance at least once every three years against stated criteria and makes recommendations to the Board of Directors regarding their appointment or reappointment, mandate renewal and remuneration. The ARCC follows up on questions or recommendations of the external auditors. The ARCC also monitors the independence of external audit firms, including the review and approval of non-audit services provided to BNP Paribas Fortis.

- **Performance of the internal audit process.** The ARCC oversees the work performed by the internal audit department and endorses the annual audit plan, including focal point audit assignments, scope and audit budget. It monitors the follow-up that management undertakes with regard to the internal auditors' recommendations, takes part in an external quality assessment of the internal audit department carried out at least once every five years, and concurs in the appointment or dismissal of the General Auditor.

Risk

- **The major risk exposures of the Bank and the operation of internal risk management and control systems,** including supervision of the enforcement of the relevant legislation and regulations. This implies that the ARCC identifies and acknowledges major risk areas such as investment risk, credit risk, market risk and liquidity risk.

Compliance & Operational Risk

- **The coherence and effectiveness of the internal control system.** This includes overseeing and reviewing the coherence and effectiveness of the BNP Paribas Fortis internal control system, through oversight and controls, more specifically with regard to its permanent control, the compliance of its activities with internal and external laws and regulations and the protection of its reputation. This includes the supervision of operational risk management. The ARCC concurs in the appointment or dismissal of the Chief Compliance Officer ('Conformité'). The ARCC also regularly reviews the effectiveness of the BNP Paribas Fortis Internal Alert System.

Financial Reporting

- The integrity of financial statements and of any report on BNP Paribas Fortis financial performance. This includes the consistent application of accounting principles (and changes thereto) and the quality of internal control over financial reporting.
- The consolidation scope and accounting principles.
- The Annual Report and the statements to be made by the Board of Directors therein as well as any external or official communication on the financial statements or the financial performance of BNP Paribas Fortis.

Membership criteria

The membership criteria for Directors composing a Board Committee are similar to those of other Directors.

The suitability assessment of Board Committee members is based on:

(i) the requirement to have sufficient independent directors on the Board Committee

(ii) their proven competences and experience in most of the domains within the remit of the committee for which he/she is nominated, in addition to the general suitability standards for Directors

(iii) the requirement that each Board Committee, as a group, must possess the competences and experience needed to perform its tasks professionally

(iv) the irrefutable propriety of the nominee.

Composition

The ARCC consists of at least three non-Executive Directors. At least half of its members should be independent Directors. In case of a tied vote, the Chairman of the ARCC shall have a casting vote.

Members of the ARCC need to have the necessary skills and competences in the field of accounting, audit and financial businesses. The availability of the necessary skills and competences is also assessed for the ARCC as a whole, not solely on an individual basis.

The ARCC Chairman, who shall not be the Chairman of the Board, and its members are designated by the Board of Directors, based on a proposal by the Chairman of the Board and the Chairman of the Governance, Nomination and Remuneration Committee.

The National Bank of Belgium (NBB) will interview the nominee Chairman of the ARCC and any appointment is subject to prior approval by the NBB. The ARCC Chairman must be an independent Director. The ARCC Chairman meets on a regular basis with the chairmen of the audit committees of the most important entities within the Controlled Perimeter

In accordance with Article 526bis, §2 of the Companies Code, at least one member of the ARCC must be both an independent Director and also possess the necessary skills and competences in the field of accounting, audit and financial business. Both Independent Directors in the BNP Paribas Fortis ARCC comply with this rule.

Composition on 20 March 2014:

- Dirk Boogmans *(Independent Director)*, Chairman
- Antoinette d'Aspremont Lynden *(Independent* Director)
- Herman Daems *(Chairman of the Board of* Directors)

Attendance at meetings:

The ARCC met five times in 2013.

Committee Member	Number of Meetings Attended
BOOGMANS, Dirk	5
DAEMS, Herman	3
d'ASPREMONT LYNDEN, Antoinette	5
STÉPHENNE, Jean (until 18 April 2013)*	1
DELWAIDE, Henri (until 24 December 2013)	5
VANSTEENKISTE, Luc**	2

** Fewer meetings attended as the Member left the ARCC during 2013.*

*** Present as a permanent invite. The Member attendedfewer meetings as he left the ARCC during 2013.*

Remuneration

Information regarding the remuneration for 2013, including that of the Members of the Audit, Risk & Compliance Committee, paid and payable by BNP Paribas Fortis, is to be found in Note 8.d, 'Remuneration and benefits awarded to the BNP Paribas Fortis corporate officers of the BNP Paribas Fortis Consolidated Financial Statements. This report is deemed to be the Remuneration Report in accordance with Provision 7.2 of the Code.

Governance, Nomination and Remuneration Committee (GNRC)

The GNRC fulfils the role of Remuneration Committee within the meaning of Article 20, §2 ter of the Banking Act and Provision 5.4 of the Code.

Role and responsibilities

Governance

The GNRC monitors, reviews and makes recommendations to the Board of Directors with regard to:

- the adequacy of the Bank's corporate governance practices and rules
- the Bank's compliance with its corporate governance rules
- emerging corporate governance issues or significant developments in the applicable laws and/or corporate governance practices
- insider and affiliated party transactions and/or conflict of interest matters involving Executive or Non-Executive Directors
- the disclosures in the Annual Report on governance related matters, the remuneration of Executive and Non-Executive Directors, members of the Executive Committee, the processes that govern their appointment and remuneration, and the activities of the GNRC.

Nominations:

With regard to nominations, the GNRC:

- monitors, evaluates and makes recommendations to the Board of Directors regarding the **policies, criteria and function profiles** that govern the recruitment, suitability assessment, nomination, re-appointment and performance evaluation of Board (and Board Committee) members, Executive Board members, the General Auditor and the Chief Compliance Officer.
- issues recommendations to the Board of Directors with regard to (i) the size and overall composition of the Board of Directors and (ii) the individual suitability assessments, appointments, dismissals, re-appointments and annual performance evaluations of **Board (Committee) members, Executive Board members, the General Auditor and the Chief Compliance Officer**.
- issues recommendations to the Board of Directors regarding **succession planning** for Board (and Board Committee) members, Executive Board members, the General Auditor and the Chief Compliance Officer.

Remuneration

With regard to Remuneration, the GNRC is tasked to monitor, review, and make recommendations to the Board of Directors regarding:

- the Remuneration Policies of BNP Paribas Fortis
- the remuneration of the Executive Directors, the heads of the internal control functions (such as the General Auditor and the Chief Compliance Officer) and Identified Staff in accordance with the BNP Paribas Fortis Remuneration Policies
- the objectives for the Chairman of the Executive Board, and, based on a proposal from the Chairman of the Executive Board, for the other Executive Directors. Regarding the heads of the internal control functions (such as the General Auditor and the Chief Compliance Officer), the GNRC reviews the main principles applied which will subsequently serve as benchmarks in their performance appraisals
- the evaluation of Directors' performance.

Membership criteria

The membership criteria for Directors composing a Board Committee are similar to those of other Directors.

The suitability assessment of Board Committee members is based on:

(i) The requirement to have sufficient independent directors in the Board Committee

(ii) their proven competences and experience in most of the domains within the remit of the committee for which he/she is a candidate, in addition to the general suitability standards for Directors

(iii) the requirement that each Board Committee, as a group, possesses the necessary competencies and experience to perform its tasks professionally

(iv) the irrefutable propriety of the nominee.

Composition

The GNRC is composed of at least three Non-Executive Directors. At least half of its members should be Independent Directors.

Composition on 20 March 2014:

- Herman Daems (Chairman)
- Dirk Boogmans *(Independen*t Director)
- Sophie Dutordoir *(Independen*t Director)
- Antoinette d'Aspremont Lynden *(Independen*t Director)

Attendance at meetings

The GNRC met eight times in 2013.

Committee Member	Numbers of Meetings Attended
DAEMS, Herman	7
BOOGMANS, Dirk	8
DUTORDOIR, Sophie	8
GEENS, Koen (until 5 March 2013)*	1
STEPHENNE, Jean (until 18 April 2013)*	5
ABRAHAM, Filip (from 18 March until 12 December 2013)*	3
D'ASPREMONT LYNDEN, Antoinette (as of 11 July 2013)*	3
VANSTEENKISTE, Luc**	4

** Fewer meetings attended as the Member joined or left the ARCC during 2013.*

*** Present as permanent invitee. Attended fewer meetings as the Member left the GNRC during 2013.*

Remuneration

Information regarding the remuneration for 2013, including that of the members of the Governance, Nomination and Remuneration Committee, paid and payable by BNP Paribas Fortis, is to be found in Note 8.d. 'Remuneration and benefits awarded to the BNP Paribas Fortis corporate officers' of the BNP Paribas Fortis Consolidated Financial Statements. This report is deemed to be the Remuneration Report in accordance with Provision 7.2 of the Code.

Executive Committee

The Executive Committee is a non-statutory body and has an advisory role to the Executive Board while facilitating the execution of the strategy and operational management of BNP Paribas Fortis.

The Executive Committee now has 13 members and is composed of the 5 Executive Directors (together composing the Executive Board) and of 8 key heads of Businesses and Support Functions:

Maxime JADOT
Executive Director, Chairman of the Executive Board / Executive Committee and Chief Executive officer

Filip DIERCKX
Executive Director, Vice Chairman of the Executive Board / Executive Committee and Chief Operating Officer (Group Functions)

Thomas MENNICKEN
Executive Director, Member of the Executive Board / Executive Committee and Chief Risk Officer

Peter VANDEKERCKHOVE
Executive Director, Member of the Executive Board / Executive Committee, Head of Retail & Private Banking

Dominique REMY
Executive Director, Member of the Executive Board / Executive Committee, Head of Corporate & Investment Banking

Luc HAEGEMANS
Member of the Executive Committee, Secretary General

Bert VAN ROMPAEY
Member of the Executive Committee, Head of Human Resources

Emmanuel BUTTIN
Member of the Executive Committee, Chief Financial Officer

Jacques GODET
Member of the Executive Committee, Head of Technology, Operation & Property Services

Frédéric VAN GHELUWE
Member of the Executive Committee, Head of Capital Markets

Olivier DE BROQUEVILLE
Member of the Executive Committee, Head of Investment Solutions

Yvan DE COCK
Member of the Executive Committee, Head of Corporate & Public Banking

Hilde DUSON
Member of the Executive Committee, Head of Compliance & Operational Risk

3. Internal Control Procedures

Production of accounting and financial information

Reporting policies and rules

The local financial statements for each entity are prepared under local GAAP while the BNP Paribas Fortis Consolidated Financial Statements are prepared under International Financial Reporting Standards (IFRS) as endorsed by the European Union.

A dedicated team within the Finance, Accounting, Reporting and Control (ARC) department draws up the accounting policies to be applied for all BNP Paribas Fortis entities, based on IFRS as endorsed by the European Union. These are aligned with BNP Paribas Group accounting policies. This ARC team monitors regulatory changes and prepares new internal accounting policies in line with the level of interpretation necessary to adapt them to the operations carried out by BNP Paribas Fortis. The BNP Paribas Group accounting manual is available together with additional documentation and guidance related to the specific BNP Paribas Fortis products and scope. This IFRS accounting manual is distributed to all accounting and reporting teams. It is regularly updated to reflect regulatory changes. The dedicated ARC team also handles requests for specific accounting analysis made by the local entities and the core businesses/business lines. The Financial Management department draws up management reporting rules.

Systems used

The accounting systems used are similar to those used by the BNP Paribas Group. Dedicated teams within the BNP Paribas Group Finance and Development department decide on the target architecture of the information systems (accounting systems, cost-accounting systems, accounting and regulatory consolidated reporting systems and consolidated management reporting systems) to be used by the finance departments across the Group. They facilitate the sharing of information and the implementation of cross-functional projects in a context of increasing convergence of the various existing accounting platforms, both at BNP Paribas Group and BNP Paribas Fortis level.

The information used to prepare the BNP Paribas Fortis Consolidated Financial Statements is derived from the company's various transaction processing systems. All the systems have been designed and adapted in order to meet BNP Paribas Fortis's specific reporting needs. Routing controls ensure at each level of the data transmission chain that these systems are properly fed. BNP Paribas Fortis also regularly upgrades its systems to adapt them to the increasing complexity of its business.

BNP Paribas Fortis SA/NV is currently implementing in Belgium the OFS ('One Financial System') project, which is leading to the gradually replacement of the legacy general ledger systems of the bank. The on-going implementation of OFS, besides the existence of the former general ledger systems is adding some complexity to the financial reporting process. The impact is mitigated by dedicated before- and after care efforts.

Dedicated teams are responsible for setting the accounting and control procedures in the back offices and accounting systems.

Process for collecting and preparing consolidated financial accounting and management accounting information

The process for collecting financial accounting and management accounting information is based on the accounting systems used across the BNP Paribas Group and is organised around two separate reporting channels, one dedicated to financial accounting data and the other to management accounting data, using the same integrated collection and consolidation software system known as MATISSE ('Management & Accounting Information System'). At local level, the accounting teams enter validated financial accounting and management accounting data into the system in accordance with BNP Paribas Fortis principles.

This reporting process applies to both financial accounting and management accounting data as follows:

- Financial accounting data: the procedures for preparing BNP Paribas Fortis's Financial Statements are set out in the instructions distributed to all consolidated entities. This facilitates the standardisation of financial accounting data and compliance with BNP Paribas Fortis accounting standards. Each entity closes its accounts on a quarterly basis and prepares a consolidation reporting package in accordance with pre-determined reporting instructions and deadlines. The validation procedures which accompany each phase of the reporting process seek to verify that:

  - accounting policies have been correctly applied
  - inter-company transactions have been correctly identified and eliminated for consolidation purposes
  - consolidation entries have been correctly recorded.

The finance departments within the various BNP Paribas core businesses verify the consolidation packages coming from the accounting entities within their perimeter before reporting them, via BNP Paribas Group Finance & Development, to the BNP Paribas Fortis Finance department, which is in charge of preparing the BNP Paribas Fortis Consolidated Financial Statements.

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

Quarterly, for each entity and business, a reconciliation is performed between the main income and expense items based on management accounting data and the Profit and Loss account intermediate balances. This is supplemented by an overall reconciliation performed by Group Finance & Development to ensure consistency between consolidated financial accounting data and management accounting data. These two reconciliations form part of the procedure for ensuring reliable financial accounting and management accounting data.

Procedure for control of financial accounting and management accounting information

Internal control within the Finance department

Internal control in Finance is performed by dedicated teams supported by specialized tools, encompassing accounting controls and other operational permanent control areas.

The mission of these teams is to ensure, on a permanent basis, the reliability of the processes used for producing and validating the financial figures for BNP Paribas Fortis, and to ensure compliance with the legal and regulatory reporting requirements. Other activities consist inter alia in maintaining relations with the external auditors and ensuring that their recommendations are correctly applied throughout BNP Paribas Fortis, monitoring the certifications issued by BNP Paribas Fortis, and verifying the valuation of financial instruments.

Internal Certification Process

BNP Paribas Fortis monitors the accounting and financial reporting risk through a certification process, whose purpose is to report on the quality of the information provided in the MATISSE reporting system. The results of the certification process are presented quarterly to the BNP Paribas Fortis Audit, Risk and Compliance Committee (ARCC) and are an integral part of the accounting process.

Under a general rule set by BNP Paribas Group, each entity submitting a MATISSE reporting package is required to certify the accuracy of the reporting package on a quarterly basis, using the Finance Accounting Control Tool (FACT), an application dedicated to support the certification process across the BNP Paribas Group. Certificates are made up of standardised questions addressing the main accounting and financial risks areas.

Permanent Control within Finance provides a level of comfort to the CFO, the BNP Paribas Fortis Audit, Risk and Compliance Committee (ARCC), the external auditors and also the National Bank of Belgium that the internal control measures are being properly maintained for the entities which fall within the BNP Paribas Fortis perimeter.

The certification process encompasses:

- certification that the accounting data reported are reliable and comply with the BNP Paribas Fortis accounting policies
- certification that the accounting internal control system designed to ensure the quality of accounting data is operating effectively.

This internal certification process forms part of the overall permanent control monitoring system and enables the BNP Paribas Fortis Finance department, which has overall responsibility for the preparation and quality of the BNP Paribas Fortis Consolidated Financial Statements, to be informed of any incidents relating to the preparation of the financial statements and to monitor the implementation by the accounting entities of appropriate corrective measures and, if necessary, to book appropriate provisions. As regards BNP Paribas Fortis in Belgium, the certification process is supported by an extensive set of sub-certificates which cover all activities which may generate accounting or financial risk for the company.

Measuring the financial instruments and determining the results of market transactions

The Finance department delegates the determination and control of market values or models of financial instruments to the various departments involved in measuring financial instruments within the overall process of monitoring market risk and management data. However, it remains the responsibility of the Finance department to overview the accuracy of these operations.

The purpose of these control procedures within Finance is:

- to ensure that transactions involving financial instruments are properly recorded in BNP Paribas Fortis's financial and management data
- to guarantee the quality of the measurement and reporting of financial instruments used both in preparing the financial and management accounts and in managing and monitoring market and liquidity risks
- to ensure that the results of market transactions are accurately determined and correctly analysed

General inspection team

The General Inspection department is in charge of the periodic controls within BNP Paribas Fortis. It includes a team of auditors and inspectors specialising in financial audits. This reflects BNP Paribas Fortis's strategy of strengthening the internal audit capability in terms of both the technical scope and the areas of accounting risk addressed in the audit engagements undertaken.

The General Inspection department is empowered to intervene independently in all entities and areas of BNP Paribas Fortis. General Inspection may inspect any subject it deems necessary and enjoys unlimited access to all documents, persons and property of any audited entity. General Inspection's basic mission may be summarised as follows:

- to add value and improve BNP Paribas Fortis's operations through independent, objective assurance and consulting activity
- to help BNP Paribas Fortis achieve its objectives by driving a systematic, disciplined approach in order to evaluate and improve the effectiveness of risk management, control and governance processes
- to carry out periodic controls on the compliance of operations as to the level of risk actually incurred, on compliance with procedures, and on the appropriateness and effectiveness of the permanent control system.

When performing assignments, General Inspection is bound by a number of specific principles, including the requirements that:

- auditors remain independent, objective and impartial in their investigations and in reporting the results of their work to executive management and to the audited entities
- auditors do not engage directly in acts of operational management.

Finally, General Inspection has a duty of vigilance and alert at all levels. It informs executive management about any major internal control deficiencies as soon as they are detected.

Relations with the statutory auditors

In 2013, the college of accredited Statutory Auditors was composed of:

- PwC Bedrijfsrevisoren bcvba / PwC Reviseurs d'Entreprises sccrl, represented by Mr Roland JEANQUART
- Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises SC sfd SCRL, represented by Mr Philip MAEYAERT and Mr Frank VERHAEGEN.

The Statutory Auditors are appointed by the General Meeting of Shareholders, based on advice from the Audit, Risk and Compliance Committee and upon a proposal by the Board of Directors and the Workers' Council.

The Statutory Auditors are required to issue a report every financial year in which they give their opinion concerning the fairness of the Consolidated Financial Statements of BNP Paribas Fortis and its subsidiaries.

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

- They examine any significant changes in accounting standards and present their recommendations to the Audit, Risk and Compliance Committee regarding choices that have a material impact.
- They present the relevant entity and the Finance department with their findings, observations and recommendations, for the purpose of improving aspects of the internal control system for the preparation of accounting and financial information, reviewed in the course of their audit.

The Audit, Risk and Compliance Committee of the Board of Directors is informed about any accounting choices that have a material impact on the financial statements, so that they can submit these choices to the Board of Directors for a final decision.

4. Conflict of Interests

In addition to the legal provisions on Conflicts of Interest in the Companies Code, the Company is required to comply with the substance of a number of circulars issued by the National Bank of Belgium (NBB) whose purpose is avoid conflicts of interest between BNP Paribas Fortis and its directors or executive management, inter alia in relation to external functions exercised and any loans granted.

Further, the company has a general conflicts of interest policy and code of conduct in place which states that the attainment of commercial, financial, professional or personal objectives must not stand in the way of compliance with the following basic principles:

1. Act fairly, honestly and transparently
2. Respect others
3. Comply with the law, the regulations and professional standards
4. Comply with instructions
5. Act in the best interests of the customer
6. Ensure that market integrity is respected
7. Manage conflicts of interest
8. Behave professionally
9. Safeguard the interest of BNP Paribas
10. Report any irregularities observed.

Finally, BNP Paribas Fortis directors have, in accordance with the Banking Act, been assessed by the NBB before their formal appointment. Before issuing its approval of an appointment, the NBB conducts an assessment intended inter alia to verify the absence of certain conflicts of interest.

BNP Paribas Fortis Consolidated Financial Statements 2013

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

Profit and loss account for the year ending 31 December 2013

In millions of euros	Note	Year to 31 Dec. 2013	Year to 31 Dec. 2012
Interest income	2.a	8,068	9,216
Interest expense	2.a	(3,629)	(4,759)
Commission income	2.b	2,228	1,931
Commission expense	2.b	(671)	(614)
Net gain/loss on financial instruments at fair value through profit or loss	2.c	249	89
Net gain/loss on available-for-sale financial assets and other financial assets not measured at fair value	2.d	164	(45)
Income from other activities	2.e	596	495
Expense on other activities	2.e	(490)	(432)
REVENUES		**6,515**	**5,881**
Salary and employee benefit expenses	7.a	(2,575)	(2,534)
Other operating expense		(1,559)	(1,610)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	5.m	(212)	(236)
GROSS OPERATING INCOME		**2,169**	**1,501**
Cost of risk	2.f	(493)	(374)
OPERATING INCOME		**1,676**	**1,127**
Share of earnings of associates		(251)	(295)
Net gain/loss on non-current assets		64	(236)
Goodwill	5.n		
PRE-TAX INCOME		**1,489**	**596**
Corporate income tax	2.g	(529)	(45)
NET INCOME BEFORE DISCONTINUED OPERATIONS		**960**	**551**
Net result of discontinued operations	8.c		
NET INCOME		**960**	**551**
Net income attributable to minority interests		322	238
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		**638**	**313**

The comparative figures of 2012 have been restated in accordance with the amendment to IAS 19 'Employee benefits'. Further details can be found in the note 8.l 'Restatement due to amendments to IAS 19 employee benefits'.

Statement of net income and changes in assets and liabilities recognised directly in equity

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012
Net income for the period	**960**	**551**
Changes in assets and liabilities recognised directly in equity	**(297)**	**2,694**
Items that are or may be reclassified to profit or loss	**(383)**	**2,739**
Items related to exchange rate movements	(315)	109
of which deferred tax	*(6)*	*16*
Changes in fair value of available-for-sale financial assets, including those reclassified as loans and receivables	149	2,156
of which deferred tax	*(72)*	*(1,008)*
Changes in fair value of available-for-sale assets reported in net income, including those reclassified as loans and receivables	(87)	(35)
of which deferred tax	*55*	*13*
Changes in fair value of hedging instruments designated as cash flow hedges	(52)	60
of which deferred tax	*30*	*(34)*
Changes in fair value of hedging instruments designated as cash flow hedges reported in net income		
of which deferred tax		
Items related to investment in associates	(78)	449
of which deferred tax	*58*	*(216)*
Items that will not be reclassified to profit or loss	**86**	**(45)**
Remeasurement gains (losses) related to post-employment benefit plans	95	(46)
of which deferred tax	*(45)*	*18*
Items related to investment in associates	(9)	1
of which deferred tax	*5*	
TOTAL	**663**	**3,245**
Attributable to equity shareholders	445	2,923
Attributable to minority interests	218	322

The comparative figures of 2012 have been restated in accordance with the amendment to IAS 19 'Employee benefits'. Further details can be found in the note 8.l 'Restatement due to amendments to IAS 19 employee benefits'.

Balance sheet at 31 December 2013

In millions of euros	Note	31 December 2013	31 December 2012
ASSETS			
Cash and amounts due from central banks and post office banks		10,163	11,040
Financial assets at fair value through profit or loss	5.a	18,407	33,479
Derivatives used for hedging purposes	5.b	1,246	1,365
Available-for-sale financial assets	5.c	32,896	35,482
Loans and receivables due from credit institutions	5.f	19,460	18,541
Loans and receivables due from customers	5.g	160,519	147,781
Remeasurement adjustment on interest-rate risk hedged portfolios		627	753
Held-to-maturity financial assets	5.i	1,267	1,485
Current and deferred tax assets	5.j	3,775	3,850
Accrued income and other assets	5.k	7,243	10,002
Investments in associates	5.l	3,007	3,561
Investment property	5.m	362	498
Property, plant and equipment	5.m	2,015	1,957
Intangible assets	5.m	158	109
Goodwill	5.n	318	347
Assets classified as held for sale	8.c		2,140
TOTAL ASSETS		**261,463**	**272,390**
LIABILITIES			
Due to central banks and post office banks		136	593
Financial liabilities at fair value through profit or loss	5.a	22,176	30,819
Derivatives used for hedging purposes	5.b	2,078	2,836
Due to credit institutions	5.f	18,669	23,763
Due to customers	5.g	160,839	146,246
Debt securities	5.h	15,918	22,404
Remeasurement adjustment on interest-rate risk hedged portfolios		256	561
Current and deferred tax liabilities	5.j	792	812
Accrued expenses and other liabilities	5.k	6,746	8,090
Provisions for contingencies and charges	5.o	4,110	4,093
Subordinated debt	5.h	6,284	7,536
Liabilities classified as held for sale	8.c		1,676
TOTAL LIABILITIES		**238,004**	**249,429**
CONSOLIDATED EQUITY			
Share capital and additional paid-in capital		*9,605*	*9,605*
Retained earnings		*8,137*	*8,177*
Net income for the period attributable to shareholders		*638*	*313*
Total capital, retained earnings and net income for the period attributable to shareholders		**18,380**	**18,095**
Change in assets and liabilities recognised directly in equity		280	560
Shareholders' equity		**18,660**	**18,655**
Retained earnings and net income for the period attributable to minority interests		4,953	4,357
Change in assets and liabilities recognised directly in equity		(154)	(51)
Total minority interests		**4,799**	**4,306**
TOTAL CONSOLIDATED EQUITY		**23,459**	**22,961**
TOTAL LIABILITIES AND EQUITY		**261,463**	**272,390**

The comparative figures of 2012 have been restated in accordance with the amendment to IAS 19 'Employee benefits'. Further details can be found in the note 8.l 'Restatement due to amendments to IAS 19 employee benefits'.

Statement of changes in shareholders' equity between 1 January 2012 and 31 December 2013

In millions of euros	Capital and retained earnings: Share capital	Non distributed reserves	Total Capital and Retained Earnings	Changes in assets and liabilities recognised directly in equity: Exchange rate	Financial Assets Available for sale and reclassified as Loans and Receivables	Derivatives used for hedging purposes	Total Shareholders' Equity
Capital and retained earnings at 31 December 2011	**9,605**	**8,783**	**18,388**	**(257)**	**(1,951)**	**112**	**16,292**
Retrospective impact of IAS 19 revised at 31 December 2011		(311)	(311)				(311)
Other movements		(41)	(41)				(41)
Dividends		(208)	(208)				(208)
Changes in assets and liabilities recognised directly in equity		(46)	(46)	153	2,445	58	2,610
Net income for 2012		313	313				313
Capital and retained earnings at 31 December 2012	**9,605**	**8,490**	**18,095**	**(104)**	**494**	**170**	**18,655**
Other movements		(184)	(184)				(184)
Dividends		(256)	(256)				(256)
Changes in assets and liabilities recognised directly in equity		87	87	(234)	8	(54)	(193)
Net income for 2013		638	638				638
Capital and retained earnings at 31 December 2013	**9,605**	**8,775**	**18,380**	**(338)**	**502**	**116**	**18,660**

The EUR (184) million in the line 'other movements' is mainly related to the business transfer of specialised finance from BNP Paribas Group to BNP Paribas Fortis which took place as from Q1 2013. As this transfer was accounted for by applying the 'predecessor basis of accounting method', the difference between the consideration paid and the carrying value of the transferred assets was presented as an adjusting item in equity, which amounted to EUR (254) million, this amount includes EUR (91.2) million relating to the existing specialized finance businesses, EUR (214.3) million relating to the new specialized finance business, EUR 64.9 million for ALM compensation that BNP Paribas Fortis has received, and EUR (13.8) million deferred taxes relating to the collective provisions on the transferred SF credits.

Also included in the line 'other movements' is the derecognition of the financial derivative related to the put option held by a third-party as at 31 December 2013, which amounted to EUR 64 million.

Further information can be found in note 8.b. 'Business combinations' and note 1.c.4 'Business combinations and measurement of goodwill' in the summary of significant accounting policies.

Changes in assets and liabilities recognised directly in equity presented in the column 'non distributed reserves' are related to the remeasurement of the net defined benefit liability (asset) which is not recycled to the profit or loss account. Further information can be found in note 1.i.4 Post-employement benefit in the accounting policies.

The comparative figures have been restated in accordance with the amendment to IAS 19 'Employee benefits'. Further details can be found in note 8.l 'Restatement due to amendments to IAS 19 Employee benefits'.

Minority Interests between 1 January 2012 and 31 December 2013

In millions of euros	Capital and retained earnings	Exchange rate, Financial Assets Available for sale and reclassified as Loans and Receivables, Derivatives used for hedging purposes	Total Minority Interests
Capital and retained earnings at 31 December 2011	**3,124**	**(135)**	**2,989**
Retrospective impact of IAS 19 revised at 31 December 2011	(14)		(14)
Other movements	1,176		1,176
Dividends	(167)		(167)
Changes in assets and liabilities recognised directly in equity		84	84
Net income for 2012	238		238
Capital and retained earnings at 31 December 2012	**4,357**	**(51)**	**4,306**
Other movements	408		408
Dividends	(133)		(133)
Changes in assets and liabilities recognised directly in equity	(1)	(103)	(104)
Net income for 2013	322		322
Capital and retained earnings at 31 December 2013	**4,953**	**(154)**	**4,799**

The EUR 408 million in the line 'Other movements' is mainly related to the acquisition of exclusive control on TEB entities ('TEB entities' consists mainly of TEB Bank, TEB Holding and TEB ShA (Kosovo)), which resulted in 100% inclusion of TEB entities' assets and liabilities in the consolidated balance sheet of BNP Paribas Fortis as at 31 December 2013. As a consequence, the minority interests have increased by EUR 763 million, offset by a decrease of EUR (334) million which is related to the recognition of a put option held by a third-party and expressed as a financial liability at the present value of the redemption amount. Further information can be found in note 8.b 'Business combinations'.

Changes in assets and liabilities recognised directly in equity presented under 'Capital and retained earnings' are related to the remeasurement of the net defined benefit liability (asset) which are not recycled to the profit or loss account. Further information can be found in note 1.i.4 Post-employment benefit in the accounting policies.

The comparative figures have been restated in accordance with the amendment to IAS 19 'Employee benefits'. Further details can be found in note 8.l 'Restatement due to amendments to IAS 19 Employee benefits'.

Statement of cash flows for the year ending 31 December 2013

In millions of euros	Note	Year to 31 Dec. 2013	Year to 31 Dec. 2012
Pre-tax net income of continuing activities		**1,489**	**596**
Pre-tax net income of discontinued activities			
Non-monetary items included in pre-tax net income and other adjustments of continuing activities		**1,048**	**1,974**
Net depreciation/amortisation expense on property, plant and equipment and intangible assets		323	328
Impairment of goodwill and other non-current assets		10	12
Net addition to provisions		633	(816)
Share of earnings of associates		251	295
Net income from investing activities		(38)	32
Net income from financing activities		(19)	
Other movements		(112)	2,123
Net increase (decrease) in cash related to assets and liabilities generated by continuing operating activities		**6,769**	**9,114**
Cash related to transactions with credit institutions		(5,187)	(5,140)
Cash related to transactions with customers		1,810	14,336
Cash related to transactions involving other financial assets and liabilities		10,478	153
Cash related to transactions involving non-financial assets and liabilities		(12)	(4)
Taxes paid		(320)	(231)
CASH AND EQUIVALENTS GENERATED BY CONTINUING OPERATING ACTIVITIES		**9,306**	**11,683**
CASH AND EQUIVALENTS GENERATED BY DISCONTINUED OPERATING ACTIVITIES	8.c	**652**	**298**
Cash related to acquisitions and disposals of consolidated entities	8.b	(6,106)	(106)
Cash related to property, plant and equipment and intangible assets		(186)	(257)
CASH AND EQUIVALENTS RELATED TO CONTINUING INVESTING ACTIVITIES		**(6,292)**	**(363)**
CASH AND EQUIVALENTS RELATED TO DISCONTINUED INVESTING ACTIVITIES	8.c	**(48)**	**(111)**
Cash and equivalents related to transactions with shareholders		473	(73)
Cash and equivalents generated by other financing activities		(2,665)	(2,627)
CASH AND EQUIVALENTS RELATED TO CONTINUING FINANCING ACTIVITIES		**(2,192)**	**(2,700)**
CASH AND EQUIVALENTS RELATED TO DISCONTINUED FINANCING ACTIVITIES	8.c	**(689)**	**(52)**
EFFECT OF MOVEMENT IN EXCHANGE RATES ON CASH AND EQUIVALENTS OF CONTINUING ACTIVITIES		**(580)**	**(1)**
EFFECT OF MOVEMENT IN EXCHANGE RATES ON CASH AND EQUIVALENTS OF DISCONTINUED ACTIVITIES		**1**	**1**
Balance of cash and equivalent accounts of continuing activities at the start of the period		**10,358**	**1,667**
Cash and amounts due from central banks and post office banks		11,040	8,287
Due to central banks and post office banks		(593)	(41)
Demand deposits with credit institutions	5.f	2,355	1,969
Demand loans from credit institutions	5.f	(2,444)	(8,548)
Balance of cash and equivalent accounts of continuing activities at the end of the period		**10,584**	**10,358**
Cash and amounts due from central banks and post office banks		10,163	11,040
Due to central banks and post office banks		(136)	(593)
Demand deposits with credit institutions	5.f	2,633	2,355
Demand loans from credit institutions	5.f	(2,076)	(2,444)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS OF CONTINUING ACTIVITIES		**226**	**8,691**
Additional information:			
Interest paid		*(4,190)*	*(5,182)*
Interest received		*8,160*	*9,679*
Dividend paid/recieved		*(160)*	*(248)*
Balance of cash and equivalent accounts of discontinued activities at the start of the period		**68**	**4**
Balance of cash and equivalent accounts of discontinued activities at the end of the period			**68**
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS OF DISCONTINUED ACTIVITIES		**(68)**	**64**

The comparative figures have been restated in accordance with the amendment to IAS 19 'Employee benefits'. Further details can be found in the note 8.l 'Restatement due to amendments to IAS 19 employee benefits'.

Notes to the consolidated financial statements 2013

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

1 Summary of significant accounting policies applied by BNP Paribas Fortis

1.a applicable accounting standards

The Consolidated Financial Statements of BNP Paribas Fortis are prepared in accordance with the international accounting standards - International Financial Reporting Standards (IFRS), as adopted for use in the European Union[1]. Accordingly, certain provisions of IAS 39 on hedge accounting have been excluded and certain recent texts have not yet undergone the approval process.

Except as described below, the accounting policies applied are consistent with those of the 2012 Consolidated Financial Statements of BNP Paribas Fortis.

In the Consolidated Financial Statements at 31 December 2013, BNP Paribas Fortis applies the amendment to IFRS 7 'Financial Instruments: Disclosures' – offsetting of financial assets and financial liabilities, which was endorsed by the European Union on 29 December 2012. This amendment has no impact on the evaluation and accounting of the transactions.

Since 1 January 2013, BNP Paribas Fortis has applied IFRS 13 'Fair Value Measurement', which was endorsed by the European Union on 29 December 2012 and records now an adjustment to the model value of derivatives with respect to own credit risk (note 5.d).

Since 1 January 2013, BNP Paribas Fortis has applied the amendment to IAS 19 'Employee Benefits' adopted in June 2012 by the European Union: the retirement benefit obligations are recognised in the BNP Paribas Fortis balance sheet without adjustment of unrecognised actuarial gains or losses or other amortising items. This amendment is applied retrospectively, so the comparative figures on 1 January and 31 December 2012 have been restated as presented in note 8.l.

The introduction of other standards, which are mandatory as of 1 January 2013, had no effect on the Consolidated Financial Statements at 31 December 2013.

BNP Paribas Fortis did not choose to early-adopt the new standards, amendments, and interpretations adopted by the European Union whose application in 2013 is optional.

On 29 December 2012, the European Union endorsed the standards IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements' and the amended standard IAS 28 'Investments in Associates and Joint Ventures' which become applicable at the latest as from the financial year starting 1 January 2014. Application of the standard IFRS 11 would give rise to an impact of EUR (14.8) billion on the total consolidated balance sheet of BNP Paribas Fortis as at 1 January 2013. The impacts on equity and profit and loss account are immaterial. BNP Paribas Fortis has not been impacted by IFRS 10.

In addition, the European Union endorsed the amendment to IAS 32 'Financial Instruments: Presentation – offsetting of financial assets and financial liabilities' on 29 December 2012 and the amendment to IAS 39 'Financial Instruments: Novation of derivatives and Continuation of Hedge accounting' on 20 December 2013, which are applicable at the latest as from annual periods beginning on or after 1 January 2014. BNP Paribas Fortis is currently analysing the potential impact of the application of these standards to the Consolidated Financial Statements.

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

1.b Segment reporting

Due to the further execution of the Industrial Plan, changes occurred in the legal and regulatory scope of BNP Paribas Fortis ('controlled perimeter'). These changes also have an impact on the way performance is assessed and resources of the segments are allocated and on the format and content of BNP Paribas Fortis' segment reporting.

The Bank considers that within the legal and regulatory scope of BNP Paribas Fortis ('controlled perimeter'), the nature and financial effects of the business activities in which it engages and the economic environments in which it operates are best reflected through the following segments:

- Belgium
- Luxembourg
- Other

Operating segments are components of BNP Paribas Fortis:

- that engage in business activities from which it may earn revenues and incur expenses
- whose operating results are regularly reviewed by the Board of Directors of BNP Paribas Fortis in order to make decisions about resources to be allocated to that segment and to assess its performance
- for which discrete financial information is available.

The Board of Directors of BNP Paribas Fortis is deemed to be the chief operating decision maker (CODM) within the meaning of IFRS 8 'Operating Segments', jointly overseeing the activities, performance and resources of BNP Paribas Fortis.

BNP Paribas Fortis, like many other companies with diverse operations, organises and reports financial information to the CODM in more than one way.

BNP Paribas Fortis and the legal entities that are part of the Group exercise management control over the full legal and regulatory scope, known as the 'controlled perimeter', including the establishment of appropriate governance structures and control procedures.

Within this organisational structure and in the context of the regulatory scope ('controlled perimeter') of BNP Paribas Fortis, the operating segments mentioned above are best aligned with the core principles and criteria for determining operating segments as defined in IFRS 8 'Operating Segments'.

Transactions or transfers between the operating segments are entered into under normal commercial terms and conditions as would be the case with non-related third parties.

1.c Consolidation

1.c.1 Scope of consolidation

The BNP Paribas Fortis Consolidated Financial Statements encompass all entities under the exclusive or joint control of BNP Paribas Fortis or over which BNP Paribas Fortis exercises significant influence, with the exception of those entities whose consolidation is regarded as immaterial to BNP Paribas Fortis. An entity is considered to be non-material and is therefore not consolidated if its contribution does not reach any of the following thresholds: EUR 15 million in consolidated revenues, EUR 10 million in consolidated net income before tax and EUR 500 million in total consolidated assets. Entities that exceed none of the above thresholds but generate a consolidated net income before tax of between EUR 1 million and EUR 10 million are reported via the equity method. Entities in which BNP Paribas Fortis has a significant influence are reported via the equity method if the net asset value of the equity associate exceeds EUR 500 million or the net profit exceeds EUR 1 million. Otherwise these entities are reported as investments.

Subsidiaries are consolidated from the date on which BNP Paribas Fortis obtains effective control. Entities acquired with a view to their subsequent disposal are included in the consolidated financial statements until the date of disposal.

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

- the activities of the SPE are being conducted exclusively on behalf of BNP Paribas Fortis, such that BNP Paribas Fortis obtains benefits from those activities
- BNP Paribas Fortis has the decision-making and management powers to obtain the majority of the benefits of the ordinary activities of the SPE (as evidenced, for example, by the power to dissolve the SPE, to amend its bylaws, or to exercise a formal veto over amendments to its bylaws)
- BNP Paribas Fortis has the ability to obtain the majority of the benefits of the SPE, and therefore may be exposed to risks inherent in 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
- BNP Paribas Fortis retains the majority of the risks taken by the SPE in order to obtain benefits from its activities. This would apply, for example, if BNP Paribas Fortis remains exposed to the initial losses on a portfolio of assets held by the SPE.

1.c.2 Consolidation methods

Enterprises under the exclusive control of BNP Paribas Fortis are fully consolidated. BNP Paribas Fortis 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 where BNP Paribas Fortis holds, directly or indirectly, more than half of the voting rights of an enterprise. It also exists when BNP Paribas Fortis 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 by the proportional method. BNP Paribas Fortis 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 BNP Paribas Fortis exercises significant influence (associates) are accounted for by the equity method. Significant influence means the power to participate in the financial and operating policy decision-making of an enterprise without exercising control. Significant influence is presumed to exist where BNP Paribas Fortis 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 BNP Paribas Fortis effectively exercises significant influence. This applies to companies developed in partnership with other groups, where BNP Paribas Fortis participates in the strategic decision-making of the enterprise through representation on the Board of Directors or equivalent governing body, exercises influence over the enterprise's operational management by supplying management systems or management staff, and provides technical assistance to support the development of the enterprise.

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

Whenever there is an indication of an impairment, the carrying amount of the participation accounted for under the equity method (including goodwill) will be subject to an impairment test whereby the recoverable amount (equal to the higher of the value-in-use and market value) will be compared with its carrying amount. When needed, an impairment will be recognized under 'Share of earnings of associates' and can be reversed afterwards.

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

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

Transactions resulting in loss of control completed prior to 1 January 2010 have given rise to the recognition of a gain or loss equal to the difference between the sale price and the share of BNP Paribas Fortis in the underlying equity. For transactions completed after 1 January 2010, the revised IAS 27 now requires any equity interest retained by BNP Paribas Fortis 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/loss on non-current assets'.

1.c.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 BNP Paribas Fortis Consolidated Financial Statements are prepared in euros.

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

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

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

On liquidation or disposal of all or part of an interest in a foreign operation outside the Eurozone, leading to a change in the nature of the investment (loss of control, significant influence or joint control), the cumulative translation adjustment determined by the step-by-step method of consolidation and recorded in equity at the date of liquidation or sale is recognised in the profit and loss account.

Should the percentage interest held change without any change 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.c.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 held for sale, which are accounted for at fair value less cost to sell.

The acquiree's contingent liabilities are not recognised in the consolidated balance sheet unless they represent a present obligation on the acquisition date and their fair value can be measured reliably.

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

Any contingent consideration is included in the consideration transferred at its acquisition-date fair value as soon as control is obtained. Subsequent changes in the value of any contingent consideration recognised as a financial liability are recognised through profit or loss.

BNP Paribas Fortis may recognise any adjustments to the provisional accounting of the business combination within 12 months after 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 badwill is recognised immediately in profit or loss, on the acquisition date.

Minority interests are measured for their share of the fair value of the acquiree's identifiable assets and liabilities. However, for each business combination, BNP Paribas Fortis can elect to measure the minority interests at fair value, in which case a proportion of goodwill is allocated to them. To date, BNP Paribas Fortis has never used this latter option.

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

At 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 (Belgian GAAP) have not been restated in accordance with the principles of IFRS 3.

Measurement of goodwill

BNP Paribas Fortis tests goodwill for impairment on a regular basis.

Cash-generating units

BNP Paribas Fortis has divided all its activities into cash-generating units[2], representing the reporting entities or groups of reporting entities of BNP Paribas Fortis. This split is consistent with the organisational structure and management methods of BNP Paribas Fortis, and reflects the independence of each reporting entity or group of reporting entities 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.

[2] *As defined by IAS 36.*

Testing cash-generating units for impairment

Goodwill allocated to cash-generating units is tested for impairment annually and whenever there is an indication that a unit may be impaired, by comparing the carrying amount of the unit with its recoverable amount. If the recoverable amount is less than the carrying amount, an irreversible impairment loss is recognised, and the goodwill is written down by the excess of the carrying amount of the unit over its recoverable amount.

Recoverable amount of a cash-generating unit

The recoverable amount of a cash-generating unit is the higher of the fair value of the unit and its value-in-use.

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

Value-in-use is based on an estimate of the future cash flows to be generated by the cash-generating unit, derived from the annual forecasts prepared by the unit's management and approved by the Executive Committee and from analyses of changes in the relative positioning of the unit's activities on its 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 in question.

Transactions under common control

Transfers of assets or exchange of shares between entities under common control do not fall within the scope of IFRS 3, Business Combinations or other IFRS standards. Therefore, based on IAS 8, which requires management to use its judgement in developing and applying an accounting policy that provides relevant and reliable financial statement information, BNP Paribas Fortis has decided to adopt a predecessor basis of accounting. Under this method, BNP Paribas Fortis, as acquiring party, recognises those assets and liabilities at their carrying amount as determined by the transferring entity at the date of the transfer. Consequently, no new goodwill (other than the existing goodwill relating to either of the combining entities) is recognised. Any difference between the consideration paid/transferred and the share in the net assets measured at the predecessor carrying amount is presented as an adjustment in equity. This predecessor basis of accounting for the business combinations under common control is applied prospectively from the date of the acquisition.

1.d Financial assets and financial liabilities

1.d.1 Loans and receivables

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

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

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

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

Commission earned on financing commitments where the probability of drawdown is low, or 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.d.2 Securities

Categories of securities

Securities held by BNP Paribas Fortis are classified in one of four categories.

Financial assets at fair value through profit or loss

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

- financial assets held for trading purposes
- financial assets that BNP Paribas Fortis 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.d.10 'Financial assets and liabilities designated at fair value through profit or loss (FVO)'.

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

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

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

Loans and receivables

Securities with fixed or determinable payments that are not traded on an active market, apart from securities for which the owner may not recover almost all of its initial investment due to reasons other than credit deterioration, are classified as 'Loans and receivables' if they do not meet the criteria to be classified as 'Financial assets at fair value through profit or loss'. These securities are measured and recognised as described in section 1.d.1 'Loans and receivables'.

Held-to-maturity financial assets

Held-to-maturity financial assets are investments with fixed or determinable payments and fixed maturity that BNP Paribas Fortis 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 the redemption value of the asset) and incidental acquisition costs (where material). Income earned from this category of assets is included in 'Interest income' in the profit and loss account.

Available-for-sale financial assets

Available-for-sale financial assets are fixed-income and variable-income securities other than those classified as 'at fair value through profit or loss', 'held-to-maturity' or 'loans and receivables'.

Assets included in the available-for-sale category are initially recorded at fair value plus transaction costs where material. At the balance sheet date, they are remeasured to fair value, with changes in fair value (excluding accrued interest) shown on a separate line in shareholders' equity. 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 derived from fixed-income available-for-sale securities is recorded in 'Interest income' in the profit and loss account. Dividend income from variable-income securities is recognised in 'Net gain/loss on available-for-sale financial assets' when BNP Paribas Fortis'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 BNP Paribas Fortis 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 in 'Financial liabilities at fair value through profit or loss'.

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

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

Date of recognition for securities transactions

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

Regardless of their classification (at fair value through profit or loss, loans and receivables or debt), temporary sales of securities as well as sales of borrowed securities are initially recognised at the settlement date. For reverse repurchase agreements and repurchase agreements, a financing commitment, respectively given and received, is recognized between the trade date and the settlement date when the transactions are recognised, respectively, as 'Loans and Receivables' and 'Liabilities'. When reverse repurchase agreements and repurchase agreements are recognised, respectively, as 'Financial assets at fair value through profit or loss' and 'Financial liabilities at fair value through profit or loss', the repurchase commitment is recognised as a derivative financial instrument.

Securities transactions are carried on the balance sheet until BNP Paribas Fortis' right to receive the related cash flows expire, or until BNP Paribas Fortis has transferred substantially all the risks and rewards incident to ownership of the securities.

1.d.3 Foreign currency transactions

The methods used to account for assets and liabilities relating to foreign currency transactions entered into by BNP Paribas Fortis, 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[3] expressed in foreign currencies

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

Non-monetary assets and liabilities expressed in foreign currencies

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

Translation differences on non-monetary assets expressed in foreign currencies and measured at fair value (variable-income securities) are recognised in the profit and loss account if the asset is classified 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', except where 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.

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

1.d.4 Impairment and restructuring of financial assets

Impaired positions

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

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

An impairment loss is recognised against loans and held-to-maturity financial assets 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 BNP Paribas Fortis, with the probability of drawdown taken into account in any assessment of financing commitments.

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

- the existence of accounts more than three months past due (six months past due for real estate loans and loans to local authorities)
- knowledge or indications that the borrower is experiencing significant financial difficulty, such that a risk can be considered to have arisen regardless of whether the borrower has missed any payments
- concessions in respect of the credit terms granted to the borrower that the lender would not have considered had the borrower not been experiencing financial difficulty (see below 'Restructuring of assets classified in the category 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, 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 which are the subject of litigation are recognised under liabilities. Impaired receivables are written off in whole or in part and the corresponding provision reversed for the amount of the loss when all other means available to the Bank for recovering the receivables or guarantees have failed, or when all or part of the receivables have been waived.

Counterparties that are not individually impaired are risk-assessed on a portfolio basis alongside those 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 BNP Paribas Fortis to identify groups of counterparties which, as a result of events occurring since the inception of the loans, have collectively acquired a probability of default at maturity, which provides objective evidence of impairment of the entire portfolio, but without it being possible at that stage to allocate the impairment to individual counterparties. This assessment also estimates the amount of the loss on the portfolios in question, taking account of trends in the economic cycle during the assessment period. Changes in the amount of portfolio impairments are taken in the profit and loss account under 'Cost of risk'.

Based on the experienced judgement of the Bank's departments or of Risk Management, BNP Paribas Fortis may recognise additional collective impairment provisions with respect to a given economic sector or geographical 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, based on criteria such as a significant decline in quoted price below the acquisition cost or a prolonged decline, which prompts BNP Paribas Fortis 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, BNP Paribas Fortis has determined three indications of impairment, namely: a significant decline in price, defined as a fall of more than 50% on the acquisition price; a prolonged decline over two consecutive years; or a decline of at least 30% on average over an observation period of one year. BNP Paribas Fortis believes that a period of two years is required for a moderate decline in price below the purchase cost to be regarded as not just the effect of random volatility inherent in the stock markets or a cyclical change lasting a few years but rather as a lasting phenomenon which justifies an impairment.

A similar method is applied for variable-income securities which are not quoted on an active market. Any impairment is then determined based on the model value.

In the case of fixed-income securities, impairment is assessed on the basis of the same criteria applied to individually impaired loans and receivables. For securities quoted in an active market, impairment is determined on the basis of quoted price. For all others, it is determined on the basis of 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, to be 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 in the 'Loans and receivables' category

A restructuring due to financial difficulties of the borrower of an asset classified in the category 'Loans and receivables' is defined as a change in the terms and conditions of the initial transaction (e.g. a loan write-off, rescheduling of principal or interest, and/or modification of the contractual rate), which BNP Paribas Fortis is only prepared to consider for economic and legal reasons linked to the financial difficulties of the borrower. This is because it results in a reduced obligation of the customer towards the Bank compared to the terms and conditions of the transaction before the restructuring.

At the time of restructuring, a discount equal to the difference between the gross carrying amount of the loan and the discounted value at the initial effective interest rate (prior to the restructuring) is recognised as a reduction of the asset. The decrease in the asset value is recognised in profit and loss under 'Cost of risk'. At the end of future accounting periods, the discount will be reversed and recognised in the income statement within the interest margin over the expected lifetime of the asset and will increase the level of calculated interest as outlined in the repayment schedule defined at the time of the restructuring. In the end, the interest amount recognised as interest income corresponds to the interest calculated at the initial loan rate.

When the restructuring consists of a partial or full settlement with other substantially different assets, the original debt 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.d.5 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 purpose of sale 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 BNP Paribas Fortis has the intention and ability to hold the asset for the foreseeable future or until maturity, or
  - other categories only under rare circumstances where justified and provided that the reclassified assets meet the conditions applicable to the host portfolio.
- out of 'Available-for-sale financial assets' and into:
  - 'Loans and receivables' on the same conditions as set out above for 'Financial assets at fair value through profit or loss', or
  - 'Held-to-maturity financial assets', for assets that have a maturity, or 'Financial assets at cost', for unlisted variable-income assets.

Financial assets are reclassified at fair value, or the value calculated by a model, on the reclassification date. Any derivatives embedded in the reclassified financial assets are recognised separately and changes in fair value are recognised through profit or loss.

After reclassification, assets are recognised according to the provisions applicable to the host portfolio. The transfer price on the reclassification date is deemed to be the initial cost of the asset for the purpose of determining any impairment.

In the event of reclassification from 'available-for-sale financial assets' to another category, gains or losses previously recognised through equity are amortised to profit or loss over the residual life of the instrument using the effective interest rate method.

Any upward revisions to the estimated recoverable amounts are recognised through an adjustment to the effective interest rate as of the date on which the estimate is revised. Downward revisions are recognised through an adjustment to the carrying amount of the financial asset.

1.d.6 Issues of debt securities

Financial instruments issued by BNP Paribas Fortis are qualified as debt instruments if, in issuing the instruments, BNP Paribas Fortis has a contractual obligation to deliver cash or another financial asset to the holder of the instrument. The same applies if BNP Paribas Fortis may be obliged to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to BNP Paribas Fortis, or to deliver a variable number of BNP Paribas Fortis' own equity instruments.

Issued 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 BNP Paribas Fortis equity instruments are accounted for as hybrid instruments with a debt component and an equity component, determined on initial recognition.

1.d.7 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. External costs that are directly attributable to an issue of new shares are deducted from equity net of all related taxes.

Own equity instruments held by BNP Paribas Fortis, 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 BNP Paribas Fortis acquires equity instruments issued by subsidiaries under the exclusive control of BNP Paribas Fortis, the difference between the acquisition price and the share of net assets acquired is recorded in retained earnings attributable to the shareholders of BNP Paribas Fortis. 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, any surplus being offset against retained earnings attributable to the shareholders of BNP Paribas Fortis. 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 interest in a fully consolidated subsidiary of BNP Paribas Fortis is recognised in the accounts of BNP Paribas Fortis 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.d.8 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 under 'Financial assets at fair value through profit or loss' when their fair value is positive, and under 'Financial liabilities at fair value through profit or loss' when their fair value is negative. Realised and unrealised gains and losses are taken to the profit and loss account on the line 'Net gain/loss on financial instruments at fair value through profit or loss'.

Derivatives and hedge accounting

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

Fair value hedges are 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 (demand deposits and fixed rate loans in particular).

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

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

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

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

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

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

If a hedging relationship ceases or no longer fulfils the effectiveness criteria, the hedging instrument is transferred to the trading book and accounted for using the treatment applied to this 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 asset or liability 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 hedges 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.d.9 Determination of fair value

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

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

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

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

- **Level 1:** fair values are determined using directly quoted prices in active markets for identical assets and liabilities.

  Characteristics of an active market include the existence of a significant volume of identical or similar instruments and of readily available prices.

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

- **Level 3:** fair values are determined using valuation techniques for which significant inputs are unobservable or which cannot be corroborated by market-based observations, due for instance to illiquidity of the instrument and significant model risk.

  An unobservable input is a parameter for which there are no market data available and that are therefore derived from proprietary assumptions about what other market participants would consider when assessing fair value.

  The assessment of whether a product is illiquid or subject to significant model risks is also a matter of judgment.

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

For financial instruments disclosed in level 3 of the fair value hierarchy, a difference between the transaction price and the fair value may arise at initial recognition. This 'Day One Profit' is deferred and released to the profit and loss account over the period during which the valuation parameters are expected to remain non-observable. When 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.

1.d.10 Financial assets and liabilities designated at fair value through profit or loss (fair value option)

Financial assets or financial liabilities can be designated 'at fair value', with changes in fair value recognised in profit or loss, in the following cases:

- Hybrid financial instruments containing one or more embedded derivatives which otherwise would have been separated and accounted for separately
- Where using the option enables the entity to eliminate or significantly reduce a mismatch in the measurement and accounting treatment of assets and liabilities that would arise if they were to be classified in separate categories
- Where 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.d.11 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 under '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, where 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 (i) all fees received or paid that are an integral part of the effective interest rate of the contract, (ii) transaction costs and (iii) premiums and discounts.

The method used by BNP Paribas Fortis 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 under '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.

1.d.12 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 provisions for impairment for financing and guarantee commitments given, losses on irrecoverable loans and amounts recovered on loans written off. This heading also includes impairment losses recorded in respect of default risk incurred on counterparties for over-the-counter financial instruments, and expenses relating to fraud or to disputes inherent in the financing business.

1.d.13 Derecognition of financial assets and financial liabilities

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

BNP Paribas Fortis derecognises all or part of a financial liability when the liability is extinguished in full or in part.

1.d.14 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount presented in the balance sheet if, and only if, BNP Paribas Fortis has a legally enforceable right to offset the recognised amounts, and intends either to settle on a net basis or to realise the asset and 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.e 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 generally applied to the assets and liabilities of BNP Paribas Fortis, and are included under the relevant balance sheet and profit and loss account headings in the consolidated financial statements.

1.e.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.e.2 Liabilities

The obligations of BNP Paribas Fortis to policyholders and beneficiaries are shown in 'Technical reserves of insurance companies' and comprise liabilities relating to insurance contracts carrying a significant insurance risk (e.g. mortality or disability) and to financial contracts with a discretionary participation feature, which are covered by IFRS 4. A discretionary participation feature is one which gives life policyholders the right to receive 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 with 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 programs.

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 Interim 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 policyholders' interest in unrealised gains and losses on assets where the benefit paid under the policy is linked to the return on those assets. This interest is an average derived from stochastic analyses of unrealised gains and losses attributable to policyholders in various scenarios.

In the event of an unrealised loss on shadow accounted assets, a policyholders' loss reserve is recognised on the assets side of the consolidated balance sheet in an amount equal to the probable deduction from the policyholders' future profit share. The recoverability of the policyholders' loss reserve is assessed prospectively, taking account of policyholders' surplus reserves recognised elsewhere, capital gains on financial assets that are not shadow accounted due to accounting elections made (held-to-maturity financial assets and property investments measured at cost) and the company's ability and intention to hold the assets carrying the unrealised loss. The policyholders' loss reserve is recognised symmetrically with the corresponding assets and shown on the assets side of the balance sheet under the line item 'Accrued income and other assets'.

1.e.3 Profit and loss account

Income and expenses arising on insurance contracts written by BNP Paribas Fortis 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.f Property, plant and equipment and intangible assets

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

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

Investment property comprises property assets held in order 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 BNP Paribas Fortis 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 BNP Paribas Fortis as lessor under operating leases are presumed to have a residual value, as the useful life of property, plant and equipment and intangible assets used in operations is generally the same as their economic life.

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

Where an asset consists of a number of components that may require replacement at regular intervals, or that have different uses or different patterns of consumption of economic benefits, each component is recognised separately and depreciated using a method appropriate to that component. BNP Paribas Fortis 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 under 'Depreciation, amortisation and impairment of property, plant and equipment and intangible assets'.

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

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

1.g Leases

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

1.g.1 Lessor accounting

Leases contracted by BNP Paribas Fortis 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 investment property 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.g.2 Lessee accounting

Leases contracted by BNP Paribas Fortis 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. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life. The lease obligation is 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.h Non-current assets held for sale and discontinued operations

Where BNP Paribas Fortis 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 the carrying amount or fair value less costs to sell.

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

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

All gains and losses related to discontinued operations are shown separately in the profit and loss account, on the line 'Post-tax gain/loss on discontinued operations and assets held for sale'. This line includes the post-tax profits or losses of discontinued operations, the post-tax gain or loss arising from remeasurement at fair value less costs to sell, and the post-tax gain or loss on disposal of the operation.

1.i 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.

1.i.1 Short-term benefits

BNP Paribas Fortis recognises an expense when it has used services rendered by employees in exchange for employee benefits.

1.i.2 Long-term benefits

These are benefits, other than short-term benefits, post-employment benefits and termination benefits. This relates in particular to compensation deferred for more than 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 the revaluation items are recognised in the income statement and not in equity.

1.i.3 Termination benefits

Termination benefits are employee benefits payable in exchange for the termination of an employee's contract as a result of either a decision by BNP Paribas Fortis to terminate a contract of employment before the legal retirement age or either as a result of 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.

1.i.4 Post-employment benefits

In accordance with IFRS, BNP Paribas Fortis draws a distinction between defined-contribution plans and defined-benefit plans.

Defined-contribution plans do not give rise to an obligation on BNP Paribas Fortis and do not require a provision. The amount of employer's contributions payable during the period is recognised as an expense.

Only defined-benefit schemes give rise to an obligation on BNP Paribas Fortis. This obligation must be measured and recognised as a liability by means of a provision.

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

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

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

The present value of the defined benefit obligation is measured on the basis of the actuarial assumptions applied by BNP Paribas Fortis, using the projected unit credit method. This method takes into account various parameters inherent to each country or entity of BNP Paribas Fortis such as demographic assumptions, the probability that employees will leave before retirement age, salary inflation, a discount rate, and the general inflation rate.

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

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), the net interests linked to the effect of discounting the net defined benefit liability (asset), the past service cost arising from plan amendments or curtailments, and the effect of any plan settlements.

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

1.j Share-based payment

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

BNP Paribas Fortis has elected to apply IFRS 2 to all share options and restricted shares outstanding as of 1 January 2004 and all options issued subsequent to 1 January 2004.

Employees are granted stock subscription option plans and deferred share-based compensation plans and also offered the opportunity of subscribing for specially-issued BNP Paribas shares at a discount, on condition that they retain the shares for a specified period.

1.j.1 Stock option and share award plans

The expense related to stock option and share award plans is recognised over the vesting period if the benefit is conditional upon the grantee's continued employment.

Stock option and share award expenses are recorded in salaries and employee benefits, with the credit entry posted to shareholders' equity. They are calculated on the basis of the overall plan value, determined at the date of grant by the Board of Directors.

In the absence of any market for these instruments, financial valuation models are used which take into account any performance conditions related to the BNP Paribas share price. The total expense of a plan is determined by multiplying the unit value per option or share awarded by the estimated number of options or shares awarded that will vest at the end of the vesting period, taking into account the conditions regarding the grantee's continued employment.

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

1.j.2 Share subscriptions or purchases offered to employees under the company savings plan

Share subscriptions or purchases offered to employees under the company savings plan at lower-than-market rates over a specified period do not include a vesting period. However, employees are prohibited by law from selling shares acquired under this plan for a period of five years. This restriction is taken into account by measuring the benefit to the employees, which is reduced accordingly. The benefit therefore equals the difference, at the date the plan is announced to employees, between the fair value of the share (after allowing for the restriction on sale) and the acquisition price paid by the employee, multiplied by the number of shares acquired.

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

1.k 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.l 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 BNP Paribas Fortis 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 BNP Paribas Fortis, where BNP Paribas Fortis is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

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

1.m Statement of cash flows

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

Changes in cash and cash equivalents related to operating activities reflect cash flows generated by the operations of BNP Paribas Fortis, 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, plus 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.n Use of estimates in the preparation of the financial statements

Preparation of the financial statements requires managers of core businesses and corporate functions to make assumptions and estimates that are reflected in the measurement of income and expense in the profit and loss account and of assets and liabilities in the balance sheet, and in the disclosure of information in the notes to the financial statements.

This requires the managers in question to exercise their judgement and to make use of information available at the date of preparation of the financial statements when making their estimates. The actual future results from operations in respect of which managers have made use of estimates may in reality differ significantly from those estimates, mainly due 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 under '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 goodwill and intangible assets
- impairment testing on investments in equity associates
- deferred tax assets recognition
- the appropriateness of the designation of certain derivative instruments as cash flow hedges, and the measurement of hedge effectiveness
- estimates of the residual value of assets leased under finance leases or operating leases, and more generally of assets on which depreciation is charged net of their estimated residual value
- the measurement of provisions for contingencies and charges.

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

2 Notes to the profit and loss account for the year ending 31 december 2013

2.a Net interest income

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

	Year to 31 Dec. 2013			Year to 31 Dec. 2012		
In millions of euros	Income	Expense	Net	Income	Expense	Net
Customer items	**5,980**	**(1,865)**	**4,115**	**6,399**	**(2,223)**	**4,176**
Deposits, loans and borrowings	5,292	(1,852)	3,440	5,762	(2,205)	3,557
Repurchase agreements	7	(1)	6	18	(9)	9
Finance leases	681	(12)	669	619	(9)	610
Interbank items	**407**	**(610)**	**(203)**	**553**	**(722)**	**(169)**
Deposits, loans and borrowings	403	(596)	(193)	535	(654)	(119)
Repurchase agreements	4	(14)	(10)	18	(68)	(50)
Debt securities issued		**(524)**	**(524)**		**(786)**	**(786)**
Cash flow hedge instruments	**221**	**(167)**	**54**	**256**	**(171)**	**85**
Interest rate portfolio hedge instruments	**415**	**(239)**	**176**	**623**	**(614)**	**9**
Trading book	**172**	**(224)**	**(52)**	**246**	**(243)**	**3**
Fixed-income securities	75		75	67		67
Repurchase agreements	24	(18)	6	90	(48)	42
Loans / Borrowings	73	(128)	(55)	89	(171)	(82)
Debt securities		(78)	(78)		(24)	(24)
Available-for-sale financial assets	**819**		**819**	**1,051**		**1,051**
Held-to-maturity financial assets	**54**		**54**	**88**		**88**
TOTAL INTEREST INCOME / (EXPENSE)	**8,068**	**(3,629)**	**4,439**	**9,216**	**(4,759)**	**4,457**

Interest income on impaired loans amounted to EUR 35 million at 31 December 2013 and EUR 37 million at 31 December 2012.

2.b Commission income and expenses

Net commission income and expenses for the year ending 31 December are specified in the table below:

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012
Guarantees, commitments and credit operations	423	251
Payment services	247	250
Securities and derivatives operations	207	200
Asset management	434	376
Insurance	306	309
Intermediaries	(222)	(172)
Other	162	103
TOTAL NET COMMISSION INCOME AND EXPENSE	**1,557**	**1,317**

The total commission income amounted to EUR 2,228 million as at 31 December 2013 (2012: EUR 1,931 million) and the total commission expense amounted to EUR (671) million as at 31 December 2013 (2012: EUR (614) million).

In 2013, the commissions have been positively impacted by the transfer of Specialised Finance activities from BNP Paribas to BNP Paribas Fortis that occured during the course of 2013. The impact amounted to EUR 120 million.

Further information can be found in the note 8.b 'Business combinations'.

Commission income and expense on financial instruments not measured at fair value through profit or loss amounted to EUR 450 million and EUR (106) million respectively in 2013, compared with income of EUR 282 million and an expense of EUR (206) million in 2012.

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 BNP Paribas Fortis has designated as at fair value through profit or loss under the fair value option, other than interest income and expense which are recognised under 'Net interest income' (Note 2.a).

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012
Trading book	**304**	**373**
Debt instruments	156	96
Equity instruments	142	263
Other derivatives	4	4
Repurchase agreements	2	10
Financial instruments designated at fair value through profit and loss	**(114)**	**(427)**
Impact of hedge accounting	**26**	**(23)**
Hedging instruments	515	(501)
Items covered by fair value hedges	(489)	478
Remeasurement of currency positions	**33**	**166**
TOTAL	**249**	**89**

Net gains on the trading book in 2013 and 2012 include a non-material amount relating to the ineffective portion of cash flow hedge.

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. 2013	Year to 31 Dec. 2012
Loans and receivables, fixed-income securities [1]	**190**	**(33)**
Equities and other variable-income securities	**(26)**	**(12)**
Dividend income	19	11
Additions to impairment provisions	(65)	(58)
Net disposal gains	20	35
TOTAL	**164**	**(45)**

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

Upon sale of the available-for-sale securities, or where there is objective evidence of impairment, the unrealised gains or losses on these securities, recognized in other comprehensive income, are reclassified from equity to profit and loss. For the year ended 31 December 2013, this amounted to a gain of EUR 171 million compared to EUR 58 million for the year ending 31 December 2012.

The 2012 figure in the line 'Loans and receivables, fixed-income securities' included the realised loss of EUR (134) million related to the sale of Portuguese government bonds, and the EUR 190 million in 2013 is related to the realised gains on sale of Belgian, Turkish and Polish government bonds.

2.e Net income from other activities

	Year to 31 Dec. 2013			Year to 31 Dec. 2012		
In millions of euros	Income	Expense	Net	Income	Expense	Net
Net income from investment property	71	(47)	24	64	(63)	1
Net income from assets held under operating leases	179	(129)	50	139	(101)	38
Other income and expense	346	(314)	32	292	(268)	24
TOTAL NET INCOME FROM OTHER ACTIVITIES	**596**	**(490)**	**106**	**495**	**(432)**	**63**

The net income from other activities increased by EUR 43 million compared to 2012. This is mainly due to the scope change for leasing entities (full consolidation as of Q2 2012), next to the loss on disposal of investment property and impairments on investment property recorded by some leasing entities in run-down in 2012.

2.f Cost of risk

Cost of risk represents the net amount of impairment losses recognised in respect of credit risks inherent in the banking intermediation activities, plus any increase in credit risk on over-the-counter derivatives with doubtful counterparties.

Cost of risk for the period

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012
Net additions to impairment provisions	(501)	(379)
Recoveries on loans and receivables previously written off	48	37
Irrecoverable loans and receivables not covered by impairment provisions	(40)	(32)
TOTAL COST OF RISK FOR THE PERIOD	**(493)**	**(374)**

The increase of cost of risk for EUR (119) million compared to last year is mainly attributable to the lower net releases of collective provisions especially at Belgian Retail banking. Specific provisions were higher than in 2012 mainly due to CIB Branches (driven by specific files in Spain) and Turkey, partly counterbalanced by lower specific provisions at Belgian Retail banking.

Cost of risk for the period by asset type

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012
Loans and receivables due from credit institutions	1	(12)
Loans and receivables due from customers	(437)	(392)
Available-for-sale financial assets	(3)	1
Held-to-maturity financial assets		(3)
Financial instruments on trading activities	(16)	(23)
Other assets	1	(1)
Off-balance sheet commitments and other items	(39)	56
TOTAL COST OF RISK FOR THE PERIOD	**(493)**	**(374)**

The cost of risk for 'Loans and receivables due from customers' has increased by EUR (45) million compared to 2012, mainly attributable to the CIB Branches (driven by specific files in Spain) and Turkey, offset by lower cost of risk in BNP Paribas Fortis in Belgium and in BGL BNP Paribas.

Provisions for impairment: credit risks

Movement in impairment provisions during the period:

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012
TOTAL IMPAIRMENT PROVISIONS AT START OF PERIOD	**4,088**	**4,341**
Discontinued operations		147
TOTAL IMPAIRMENT PROVISIONS OF CONTINUING OPERATIONS AT START OF PERIOD	**4,088**	**4,194**
Net additions to impairment provisions	501	379
Utilisation of impairment provisions	(522)	(1,048)
Effect of exchange rate movements and other items	145	563
TOTAL IMPAIRMENT PROVISIONS OF CONTINUING OPERATIONS AT END OF PERIOD	**4,212**	**4,088**

The EUR (1,048) million as at 31 December 2012 includes the utilisation of impairments on Greek bonds following the exchange of Greek sovereign debt securities, which took place on 12 March 2012.

The EUR 563 million as at 31 December 2012 was mainly related to the scope change of leasing entities, which have been fully consolidated as from Q2 2012.

Impairment provisions by asset type:

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012
Impairment of assets		
Loans and receivables due from credit institutions (Note 5.f)	185	246
Loans and receivables due from customers (Note 5.g)	3,722	3,592
Financial instruments on trading activities	56	79
Available-for-sale financial assets (Note 5.c)	28	37
Held-to-maturity financial assets (Note 5.i)		
Other assets	8	7
TOTAL IMPAIRMENT PROVISIONS AGAINST FINANCIAL ASSETS	**3,999**	**3,961**
Provisions recognised as liabilities		
Provisions for off-balance sheet commitments		
- to credit institutions	9	2
- to customers	142	107
Other items subject to provisions	62	18
TOTAL PROVISIONS RECOGNISED AS LIABILITIES	**213**	**127**
TOTAL IMPAIRMENT PROVISIONS	**4,212**	**4,088**

The impairment provisions for 'Loans and receivables due from customers' have increased by EUR 130 million compared to 2012, mainly attributable to the increase of provisions on CIB branches (in Spain) and Turkey, offset by lower provisions in BNP Paribas Fortis in Belgium and in BGL BNP Paribas.

The impairment provisions for 'Loans and receivables due from credit institutions ' has decreased by EUR 61 million compared to 2012, mainly attributable to the release of specific provisions in BNP Paribas Fortis in Belgium.

2.g Corporate income tax

The table below shows the reconciliation of income tax expense to theoretical tax expense at the standard tax rate in Belgium.

	Year to 31 Dec. 2013		Year to 31 Dec. 2012	
	In millions of euros	**In %**	**In millions of euros**	**In %**
Corporate income at standard tax rate expense in Belgium	**(591)**	**33.99%**	**(303)**	**33.99%**
Differential effect in tax rates applicable to foreign entities	53	(3.07%)	43	(4.82%)
Effect of dividends and asset disposals taxed at reduced rate	27	(1.56%)	(14)	1.57%
Tax effect linked to capitalisation of tax loss carryforward and prior temporary differences	(9)	0.52%	313	(35.11%)
Tax effect of using tax losses not capitalised	3	(0.17%)		- %
Other items	(12)	0.69%	(84)	9.42%
Corporate income tax expense	**(529)**	**30.40%**	**(45)**	**5.05%**
Of which				
Current tax expense	*(313)*		*(282)*	
Deferred tax expense	*(216)*		*237*	

3 Segment information

Due to the further execution of the Industrial Plan, changes occurred in the legal and regulatory scope of BNP Paribas Fortis ('controlled perimeter'). These changes also have an impact on the way performance is assessed and resources of the segments are allocated and on the format and content of BNP Paribas Fortis' segment reporting. For this reason, the basis of segmentation, i.e. the format and content of the segment information included in the Consolidated Financial Statements for the year ending 31 December 2013 has been adjusted compared to the previous year.

The Bank considers that within the legal and regulatory scope of BNP Paribas Fortis ('controlled perimeter'), the nature and financial effects of the business activities in which it engages and the economic environments in which it operates are best reflected through the following operating segments:

- Belgium
- Luxembourg
- Other

The operating segment 'Belgium' mainly comprises the activities of BNP Paribas Fortis SA/NV, bPost bank/banque and Bass and Esmée Master Issuer.

The operating segment 'Luxembourg' mainly comprises the activities of BGL BNP Paribas Fortis.

The operating segment 'Other' mainly comprises BNP Paribas Bank Polska, Türk Ekonomi Bankasi (TEB), BNP Paribas Leasing Solutions, BNP Paribas Investment Partners and the foreign branches of BNP Paribas Fortis.

In 2013, the composition on an entity-by-entity basis of the different operating segments was aligned with the adjusted management control approach and the 2012 figures were restated, based on the 2013 composition.

Operating segments are components of BNP Paribas Fortis:

- that engage in business activities from which it may earn revenues and incur expenses
- whose operating results are regularly reviewed by the Board of Directors of BNP Paribas Fortis in order to make decisions about resources to be allocated to that operating segment and to assess its performance
- for which discrete financial information is available.

The Board of Directors of BNP Paribas Fortis is deemed to be the chief operating decision maker (CODM) within the meaning of IFRS 8, Operating Segments, jointly overseeing the activities, performance and resources of BNP Paribas Fortis.

BNP Paribas Fortis, like many other companies with diverse operations, organises and reports financial information to the CODM in more than one way.

This integration of BNP Paribas Fortis's activities into the organisational structure of businesses and support functions of BNP Paribas ensures that adequate levers exist to effectively implement BNP Paribas Group strategy within all entities that are part of BNP Paribas Fortis.

However, BNP Paribas Fortis group and the legal entities that are part of this group continue to exercise management control over the full legal and regulatory scope (the 'controlled perimeter'), including the establishment of appropriate governance structures and control procedures.

Within this organisational structure and with regard to the regulatory scope ('controlled perimeter') of BNP Paribas Fortis, the operating segments mentioned above are best aligned with the core principles and criteria for determing operating segments as defined in IFRS 8 'Operating Segments'.

Transactions or transfers between the operating segments are entered into under normal commercial terms and conditions as would be the case with non-related third parties. The profit and loss account and the assets and liabilities of each operating segment are drawn up in conformity with the accounting policies adopted for preparing and presenting the BNP Paribas Fortis Consolidated Financial Statements, as this is the approach used for reporting to the CODM.

3.a Operating segments

BNP Paribas Fortis in Belgium

In Belgium, BNP Paribas Fortis offers a comprehensive package of financial services to private individuals, the self-employed, members of the professions and SMEs. The Bank also provides high net worth individuals, corporations and public and financial institutions with customised solutions, for which it is able to draw on the know-how and international network of the mother company, BNP Paribas.

In Retail & Private Banking (RPB), BNP Paribas Fortis has a solid footprint, serving 3.7 million individuals, professionals, SMEs and private banking customers. It has a very strong presence in the local market, through an extensive network of more than 900 branches, plus other channels such as ATMs, online banking facilities (including mobile banking) and phone banking. In its retail banking activities, BNP Paribas Fortis operates under four complementary brands: the main brand BNP Paribas Fortis, plus Fintro, bpost bank/banque and Hello bank!, a 100% digital mobile banking service. In the insurance sector, BNP Paribas Fortis works in close cooperation with the Belgian market leader, AG Insurance.

Corporate & Public Banking Belgium (CPBB) provides a comprehensive range of local and international financial services to Belgian enterprises, public entities and local authorities. The offering includes domestic banking products, specialist financial skills, and securities, insurance and real estate services. Skills include specialist trade services, cash management, factoring and leasing, as well as M&A and capital markets activities. A central team of corporate bankers, relationship managers and skills officers ensures that BNP Paribas Fortis stays close to the market. This team, combined with the European network of business centres managed within Corporate & Investment Banking, enables the Bank to offer unified commercial services to its Belgian clients locally and abroad.

Corporate & Investment Banking (CIB) offers its clients (in Belgium and throughout Europe) full access to BNP Paribas CIB's product portfolio. CIB consists of five Business Lines: Capital Markets, Specialised Finance, Corporate Finance, Private Equity, and Transaction Banking Europe.

BNP Paribas Fortis in Luxembourg

BGL BNP Paribas ranks among the leading banks operating in the Luxembourg financial marketplace. It has made a significant contribution to the country's emergence as a major international financial centre and is deeply rooted in Luxembourg's economic, cultural, sporting and social life.

As a partner with a longstanding commitment to the national economy, BGL BNP Paribas offers a wide range of products both for individuals and for professional and institutional clients. Ranked as the number one bank for corporates and the number two bank for resident individuals in the Grand Duchy of Luxembourg, BGL BNP Paribas is also the leader in bancassurance, providing combined offerings of insurance and banking services.

BNP Paribas Fortis in other countries

The operating segment 'Other' covers all activities carried out by BNP Paribas Fortis outside Belgium and Luxembourg. This segment mainly comprises Türk Ekonomi Bankasi (TEB), BNP Paribas Bank Polska,BNP Paribas Leasing Solutions, BNP Paribas Investment Partners and the foreign branches of BNP Paribas Fortis.

BNP Paribas Fortis operates in Turkey via Turk Ekonomi Bankasi (TEB), in which it has a 44.75% stake. Retail Banking products and services consist of debit and credit cards, personal loans, and investment and insurance products distributed through the TEB branch network and via internet and phone banking. Corporate banking services include international trade finance, asset and cash management, credit services, currency hedging, interest and commodity risk, plus factoring and leasing. Through its commercial and SME banking departments, the Bank offers an array of banking services to small and medium-sized enterprises.

In Poland, BNP Paribas Bank Polska (99.87% owned by BNP Paribas Fortis SA/NV) is a universal bank providing savings, investment products and loans to individuals and integrated solutions to companies for the purpose of financing their businesses in local and international markets.

3.b Information by operating segment

Income and expense by operating segment

In millions of euros	Year to 31 Dec. 2013 Belgium	Luxembourg	Other	Total	Year to 31 Dec. 2012 Belgium	Luxembourg	Other	Total
Revenues	**3,808**	**775**	**1,933**	**6,515**	**3,421**	**693**	**1,767**	**5,881**
Operating expense	(2,855)	(432)	(1,060)	(4,346)	(3,005)	(395)	(981)	(4,381)
Cost of risk	(219)	(2)	(272)	(493)	(216)	(6)	(151)	(373)
Operating Income	**734**	**341**	**601**	**1,676**	**200**	**292**	**635**	**1,127**
Non Operating items	(310)	(66)	189	(187)	(513)	(80)	62	(531)
Pre-tax income	**424**	**275**	**790**	**1,489**	**(313)**	**212**	**697**	**596**

Assets and liabilities by operating segment

In millions of euros	31 December 2013 Belgium	Luxembourg	Other	Total	31 December 2012 Belgium	Luxembourg	Other	Total
Assets	**176,869**	**22,058**	**62,536**	**261,463**	**193,575**	**23,556**	**55,259**	**272,390**
of which goodwill on acquisitions during the period	*19*			*19*		*146*		*146*
of which investments in associates and Joint ventures	*739*	*89*	*2,179*	*3,007*	*1,163*	*156*	*2,242*	*3,561*
Liabilities	**165,962**	**17,662**	**54,380**	**238,004**	**183,135**	**19,240**	**47,054**	**249,429**

BNP Paribas Fortis has obtained full control over the TEB entities end of December 2013, a result of the amendment of the shareholders' agreement between BNP Paribas, BNP Paribas Fortis, BNP Paribas Fortis Yatirimlar Holding and the Colakoglu Parties (see also note 8.b Business combinations). The total assets of the TEB entities amount to EUR 19,352 million at 31 December 2013.

4 Risk management and capital adequacy

Introduction

The information presented in this chapter reflects the entirety of the risks carried by BNP Paribas Fortis. It provides a comprehensive description of BNP Paribas Fortis's risk management organisation and a quantitative and qualitative overview of BNP Paribas Fortis's risk exposure at year end 2013.

BNP Paribas Fortis's risk measures are presented according to the Basel II Pillar 3 principles. These risks are calculated using methods approved by the Belgian banking regulator, i.e. the National Bank of Belgium (NBB) and are measured and managed as consistently as possible with the BNP Paribas Group Risk Management methodologies.

Further details on the BNP Paribas Group's approach to the measuring and managing of risks resulting from banking activities can be found in the Registration Document and the BNP Paribas Annual Financial Report 2013.

4.a Risk management organisation

4.a.1 Mission and organisation

Risk management is key in the business of banking. At BNP Paribas, operating methods and procedures throughout the organisation are geared towards addressing risks effectively. The entire process is supervised primarily by the Group Risk Management department (GRM), which is responsible for measuring and controlling risks at Group level. GRM is independent from the Core Business divisions, Business Lines and territories and reports directly to Group Executive Management. The Group Compliance department (GC) monitors operational and reputational risk as part of its responsibility for permanent control.

The guiding principles of the mission and organisation of BNP Paribas Fortis' Risk department are aligned

- with the mission of the BNP Paribas' Group Risk Management (GRM):
  - advise the Bank's management on risk appetite and policy
  - provide a 'second pair of eyes' so that risks taken by the Bank are aligned with its policies and compatible with its profitability and solvency objectives
  - report to and alert Bank management, Core Business division heads and the special committee of the Board of Directors on the status of the risks to which the bank is exposed
  - ensure compliance with banking regulations in the risk area, in liaison with other relevant Group Functions
- and its organisational principles:
  - a single integrated risk entity, which is responsible for risk aspects across all businesses
  - independent of business-line management
  - organised with local and global reporting lines (matrix principle).

The BNP Paribas Fortis Risk department was integrated into the BNP Paribas GRM function in November 2009. The Chief Risk Officer (CRO) of BNP Paribas Fortis is a member of the Executive Board and also has a reporting line to the BNP Paribas Head of Group Risk Management. The CRO has no hierarchical link to the heads of businesses or of countries. This structure is designed to:

- ensure objective risk control
- ensure that swift, objective and complete information is provided in the event of increased risk
- maintain a single set of high-quality risk management standards throughout the Bank
- ensure that risk professionals implement and further develop methods and procedures of the highest quality in line with international competitors' best practices.

The CRO heads the various Risk functions:

- Risk Anticipation & Capital is responsible for the Basel II program, credit modelling, model certification, business architecture, risk performance and for credit reporting, strategic risk and provisioning.

- Risk Investments and Markets has the role of providing full transparency and dynamic analysis of market, liquidity and counterparty risks plus credit risks on financial institutions and sovereigns to all businesses.

- Credit Risk Retail & Private Banking Belgium is responsible for the retail and private banking credit risk in the domestic market.

- Corporate Credit Risk is responsible for the management of credit risks arising from corporate, public and commercial banking in Belgium and from the Corporate & Investment Banking division.

- Strategy & Organisation is responsible for operational permanent control (ensuring second-line control of the Risk function and of business continuity), the Risk Operating Office (coordinating the non-core support functions), change management projects and Communication.

Outside Belgium, alongside the existing local and global reporting lines, the CROs of companies that remain within the BNP Paribas Fortis perimeter report to the CRO of BNP Paribas Fortis in order to ensure compliance with internal and external rules.

The key principle of the Bank's overall risk governance (covering all risk types including credit, market, counterparty, liquidity risk etc.) is the double-walled defence, as stated in the BNP Paribas Fortis Risk Policy reviewed by the Executive Board and the Audit, Risk & Compliance Committee.

The primary responsibility for Risk lies with the businesses (first line of defence), which are responsible for the approval, monitoring and management of the risks arising from their activities.

The Risk Function provides a second pair of eyes, helping to ensure that the risks taken by the Bank are compliant and compatible with its policies; it thus represents the second line of defence in line with the mission stated above, contributing strongly to joint decision making with the businesses and increasing the emphasis on risk monitoring and controls.

4.a.2 BNP Paribas Fortis' Risk committees

- BNP Paribas Fortis Audit, Risk and Compliance Committee (ARCC): the role of the ARCC is to assist the Board in fulfilling its supervisory and monitoring responsibilities with respect to internal control in the broadest sense within BNP Paribas Fortis, including risk strategy and internal control over financial reporting and risk.

- Central Credit Committee: the highest Credit Committee of BNP Paribas Fortis acting in line within the authority of the delegations held by its members (CEO and Heads of Business Lines, together with the CRO and other senior Risk representatives), it ensures that client-level credit decisions are taken within the desired credit risk profile, formulated credit policies and the Bank's legal lending limits.

- Capital Markets Risk Committee: defines and enforces the risk strategy, policies, methods and thresholds for capital markets, including investment portfolios, at activity and at transaction level.

- Risk Policy Committee: defines the risk profile at portfolio level, approves policies, reviews exposures, examines risks in the light of market conditions, business strategy and profitability, and enforces risk decisions.

- Bank Assets and Liabilities Committee: manages liquidity, interest rate and forex risk on the balance sheet: manages the Bank's funding and capital.

- Committee on Impairments and Provisions: makes final decisions on consolidated provisions and impairments.

- Exceptional Transactions Committees: validates and approves exceptional transactions.

- New Activity Committees: validates and approves new activities and products, including any significant changes in current activities.

4.b Risk measurement and categories

4.b.1 Risk measurement

Risk measurement is a crucial step in the risk management process.

To assess and measure risks, BNP Paribas Fortis uses several qualitative and/or quantitative methodologies. These range from regular reporting on matters such as concentration and quantitative and qualitative portfolio overviews to more sophisticated quantitative risk models for estimating internal risk parameters. The latter include probability of default, loss given default, exposure at default and expected loss (for credit risk) and Value at Risk (for market risk).

The development and review of these models, and their validation, are subject to Bank-wide standards in order to ensure adequacy and consistency.

The monitoring of the observed risk parameters, stress tests and model based expectations are then compared to a framework of limits and risk guidelines.

Ultimately, all these risk measurements, together with stress tests, are then consolidated in Risk Dashboards, which provide a general overview for senior management. These aggregation documents are intended to provide a basis for well-founded decisions and are subject to ongoing improvement.

4.b.2 Risk taxonomy

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

Credit and counterparty risk

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

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

Counterparty risk is the translation of the credit risk embedded in the market, investment and/or payment transactions. Those transactions include bilateral contracts known as over-the-counter (OTC) contracts, which potentially expose the Bank to the risk of default of the counterparty faced. The amount of this risk (referred to as 'exposure' in the rest of the document) may vary over time in line with market parameters which impact the value of the relevant market transactions.

Market risk

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

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

Non-quoted parameters are those based on working assumptions such as parameters contained in models or based on statistical or economic analyses, non-ascertainable in the market.

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

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

Operational risk

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

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

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

Compliance and reputational risk

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

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

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

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

Asset-liability management risk

Asset-liability management risk is the risk of incurring a loss as a result of mismatches in interest rates, maturities or nature between assets and liabilities. Asset-liability management risk arises in non-trading portfolios and primarily relates to global interest rate risk.

Liquidity and refinancing risk

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

4.b.3 Comprehensive Assessment

The European Central Bank (ECB) is currently carrying out its Comprehensive Assessment in view of the implementation of the Single Supervisory Mechanism (SSM). BNP Paribas Fortis as subsidiary of BNP Paribas is in scope of this review, while the organization and coordination of this project is held at the level of BNP Paribas, which falls under the supervision of the Autorité de contrôle prudentiel et de résolution (ACPR). The Comprehensive Assessment consists out of three parts:

(a) Supervisory risk assessment which embodies quantitative and qualitative analysis based on backward and forward looking information aimed at assessing the bank's intrinsic risk profile;

(b) Asset quality review (AQR): broad and inclusive examination of credit and market exposures; and

(c) Stress test: complementing the asset quality review by providing a forward-looking view of bank's shock-absorption capacity under stress.

On 3 February 2014 , the ECB announced the progress made in its on-going comprehensive assessment. The ECB is currently finalising the AQR methodology working together with national supervisors. The methodology will be published in the first quarter of 2014. The AQR's execution phase will then commence with the deployment of teams of bank inspectors for the conduct of credit file reviews and other necessary activities. Before assuming its supervisory tasks in November 2014, the ECB will publish detailed results of the comprehensive assessment, as well as any recommendations relating to individual banks. The results of this comprehensive assessment will only be known during the third quarter of 2014.

4.c Capital adequacy

Framework

As a credit institution, BNP Paribas Fortis is subject to regulatory supervision.

At a consolidated and statutory level, BNP Paribas Fortis is supervised by the National Bank of Belgium (NBB). BNP Paribas Fortis' subsidiaries may also be subject to regulation by various supervisory authorities in the countries where the subsidiaries operate.

Regulators require banks to hold a minimum level of qualifying capital (8% of risk- weighted assets). Since 2008, BNP Paribas Fortis computes its qualifying capital and its risk-weighted assets under the Basel II Framework.

The CBFA (the former Belgian supervisor) has granted BNP Paribas Fortis its approval for using the most advanced approaches for calculating the risk-weighted assets under Basel II: Advanced Internal Ratings Based Approach for credit and market risk; and Advanced Measurement Approach for operational risk.

Some subsidiaries of BNP Paribas Fortis have not been granted such an approval and therefore use the Standardised Approach for calculating risk-weighted assets.

Breakdown of regulatory capital

Qualifying capital for regulatory purpose is calculated at consolidated level based on IFRS accounting standards and taking into account prudential filters imposed by the regulator, as described in Circular PPB 2007-1-CPB.

The table below details the composition of the regulatory capital of BNP Paribas Fortis:

In millions of euros	31 December 2013	31 December 2012
Shareholders' equity before appropriation of income	**18,904**	**19,974**
Share Capital, retained earnings and similar	18,380	18,095
Regulatory deductions on share capital and retained earnings	(717)	(331)
Super subordinated notes and similar securities	1,241	2,210
Minority interests before appropriation of income	**4,671**	**4,125**
Minority interests before regulatory deductions	4,953	4,357
Regulatory deductions on minority interests	(283)	(232)
Regulatory deductions and other items	**(4,955)**	**(5,561)**
Intangible assets deductions	(475)	(456)
of which goodwill	*(318)*	*(347)*
Other regulatory items	(4,480)	(5,105)
of which deduction from Tier 1 capital at 50%	*(1,543)*	*(2,060)*
TIER 1 CAPITAL	**18,620**	**18,538**
Total Tier 2 capital	**4,916**	**6,570**
of which positive difference between provisions and expected losses over 1 year	*333*	*331*
Tier 2 regulatory deductions	**(1,623)**	**(2,136)**
REGULATORY CAPITAL	**21,913**	**22,972**

The comparative figures of 31 December 2012 have been restated in accordance with the amendment to IAS 19 'Employee Benefits'. Further details can be found in the note 8.l 'Restatement due to amendments to IAS 19 Employee Benefits'.

The table below shows the key capital indicators:

In millions of euros	31 December 2013	31 December 2012
Tier 1 capital	18,620	18,538
Total capital	21,913	22,972
Risk weighted commitments		
Credit risk	114,697	112,830
Market risk	2,291	2,198
Operational risk	8,708	9,048
TOTAL RISK WEIGHTED COMMITMENTS	**125,696**	**124,076**
Tier 1 ratio	14.8%	14.9%
Total capital ratio	17.4%	18.5%

Internal Capital Adequacy Assessment Process (ICAAP)

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

BNP Paribas Fortis' Internal Capital Adequacy Assessment Process (ICAAP) supports the assessment of whether the level of capital is adequate to mitigate the Bank's risk profile. This internal assessment is integrated into the Bank's decision-making and management processes and supported, where appropriate, by impact or what-if analyses.

4.d Credit and counterparty risk

The following table shows all BNP Paribas Fortis' financial assets, including fixed-income securities, which are exposed to credit risk. Credit risk exposure does not include collateral and other security taken by the Bank in its lending business or purchases of credit protection.

Exposure to credit risk by Basel asset class

In millions of euros	31 December 2013 IRBA	31 December 2013 Standardised Approach	31 December 2013 Total	31 December 2012 IRBA	31 December 2012 Standardised Approach	31 December 2012 Total
Central governments and central banks	38,009	9,423	47,432	48,123	7,567	55,690
Corporates	99,226	40,035	139,261	75,967	29,199	105,166
Institutions *	29,412	7,813	37,225	28,906	19,464	48,370
Retail	66,723	20,940	87,663	65,031	18,809	83,840
Securitisation positions	7,135		7,135	13,085		13,085
Other non-credit-obligation assets **	137	3,912	4,049	135	3,685	3,820
TOTAL EXPOSURE	**240,642**	**82,123**	**322,765**	**231,247**	**78,724**	**309,971**

(*) The Basel II Institutions asset class comprises credit institutions and investment firms, including those recognised in other countries. It also includes some exposures to regional and local authorities, public sector agencies and multilateral development banks that are not treated as central government authorities.

(**) Other non-credit-obligation assets include tangible assets and accrued income and other assets.

The table above shows the entire prudential scope based on the asset classes defined in accordance with Article VI.2 of the CBFA Regulation of 17 October 2006 on capital requirements for credit institutions and investment firms.

The upward evolution of the exposure was significantly impacted by (i) the full integration of the Turkish subsidiaries into BNP Paribas Fortis (mainly in the Retail and Corporate exposure under the standardised approach), (ii) the transfer of specialised finance deals from BNP Paribas to BNP Paribas Fortis (in the Corporate exposure under the advanced approach) and (iii) the swap of activities of branches between BNP Paribas Fortis and BNP Paribas, of which BNP Paribas Fortis London and Lisbon branches acquired by BNP Paribas and BNP Paribas Netherlands branch acquired by BNP Paribas Fortis (mainly in the exposure to Corporates and Institutions in both the advanced and standardised approach).

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

Exposure at default to counterparty risk by Basel asset class

In millions of euros	31 December 2013 IRBA	31 December 2013 Standardised Approach	31 December 2013 Total	31 December 2012 IRBA	31 December 2012 Standardised Approach	31 December 2012 Total
Central governments and central banks	406		406	371		371
Corporates	2,461	1,038	3,499	3,626	788	4,414
Institutions *	6,062	415	6,477	4,902	391	5,293
Retail		1	1		8	8
TOTAL EXPOSURE	**8,929**	**1,454**	**10,383**	**8,899**	**1,187**	**10,086**

(*) The Basel II Institutions asset class comprises credit institutions and investment firms, including those recognised in other countries. It also includes some exposures to regional and local authorities, public sector agencies and multilateral development banks that are not treated as central government authorities.

4.d.1 Credit risk

4.d.1.1 General credit policy and control and provisioning procedures

BNP Paribas Fortis' lending activities are governed by the Global Credit Policy, which applies to all BNP Paribas Group entities. It is approved by the BNP Paribas Group Risk Committee, chaired by the Chief Executive Officer and endorsed by the BNP Paribas Fortis Executive Board, chaired by the Chief Executive Officer. The policy is underpinned by core principles relating to compliance with the Group's ethical standards, clear definition of responsibilities (Business and Risk), and the existence and implementation of procedures and requirements for a thorough analysis of risks. It is cascaded in the form of specific policies tailored to each type of business or counterparty. The framework for the governance of credit risks within the Bank is further detailed in a specific, transversal approach which is built upon key credit routing principles, rules governing the granting of delegations of authority and the role of the Central Credit Committee, which is the highest-level credit committee at the Bank. It also reiterates and reinforces the key principle that the Risk Function is independent from the Businesses.

4.d.1.2 The credit lifecycle

Decision-making procedures

The basis for effective credit risk management is the identification of both existing and potential credit risk inherent in any product or activity. This process includes the gathering of all relevant information concerning the products offered, the counterparties involved and all other elements that may influence credit risk. In particular, before making any commitments, BNP Paribas Fortis carries out an in-depth review of any known development plans of the client and ensures that the Bank has thorough knowledge of all the structural aspects of the client's operations and that adequate monitoring will be feasible.

Assessing the credit risk of a proposed transaction consists of:

- analysis of the probability that the client will fail to meet his obligations, which also translates into a risk classification on the Bank's rating scale
- analysis of the possibilities of fulfilling the client's obligations by other means in the event that the client fails to meet his obligations by himself
- formulation of a credit proposal which brings all these facets to the attention of the decision makers.

Authorised persons or committees composed of designated Business and Risk representatives take a joint decision based on the credit proposal. Credit proposals must comply with the Bank's Global Credit Policy and with any specific policies, and must in all cases comply with the applicable laws and regulations.

A system of discretionary lending limits has been established, under which all lending decisions must be approved by formally designated members of Business and Risk. The underlying principle is the need to achieve an appropriate balance (in terms of overall profitability) between two opposite drivers, i.e. maximising the decision-making autonomy of the businesses on the one hand and reducing unexpected counterparty risk on the other.

Approvals are systematically given in writing, either by means of a signed approval form or in the minutes of formal meetings of a Credit Committee. Discretionary lending limits correspond to aggregate commitments by business group and vary according to internal credit ratings and the specific nature of the business concerned. In addition, an industry expert or designated specialist may also be required to sign off on the loan application for certain sectors or industries. In retail banking, simplified procedures are applied, based on statistical decision-making aids, for standard products and limited amounts.

Monitoring procedures

All BNP Paribas Fortis entities are subject to comprehensive risk monitoring and reporting. This is carried out by Control and Reporting units which are responsible for ensuring that lending commitments comply with the loan approval decision, that credit risk reporting data are reliable and that risks accepted by the Bank are effectively monitored. Exception reports are produced (at varying intervals depending on the business) and various tools are used to provide early warnings of potential escalations of credit risks. Monitoring is carried out at different levels, generally reflecting the organisation of discretionary lending limits. The monitoring teams report to the Risk Department. Monitoring teams are closely involved in the organisation of the Watchlist and Impairment Committees which meet at monthly intervals to examine all higher risk, sensitive or problem loans in excess of a certain amount. Its responsibilities include guidance on strategy and giving its opinion on any adjustments to impairment provisions, based on the recommendations of the relevant Business and the Risk Department.

Impairment procedures

The Risk Department reviews all corporate, bank and sovereign loans in default at monthly intervals to confirm the amount of any impairment loss to be recognised. The review relates to all material decisions taken at the appropriate decision levels as defined in the related policies. The amount of the impairment loss is based on the present value of probable net recoveries, taking into account the possible realisation of guarantees received.

In addition, a collective impairment figure is established for each business on a statistical basis. The BNP Paribas Fortis Committee on Impairments and Provisions meets on a quarterly basis to approve the amount of the impairment. This is based on simulations of losses to maturity on portfolios of loans whose credit quality is considered to be impaired, but where the customers concerned have not been identified as in default (i.e. loans not covered by specific impairment). The simulations carried out by the Risk Department use the parameters of the internal rating system described below.

The aforementioned Committee takes the final decision on all aspects of cost of risk, including specific provisions for impairment and collective impairments. Decisions on the structured credits portfolio are taken by the same Committee.

4.d.1.3 Internal rating system

BNP Paribas Fortis has chosen to adopt the most advanced approach – the 'Advanced Internal Ratings Based Approach' (AIRBA) as described in the Basel II accord – and received approval from the CBFA on 3 March 2008 for using this approach to calculate capital requirements under Basel II. Projects designed to achieve convergence with the BNP Paribas Group are currently in progress with a view to harmonising methods, processes and systems, while remaining compliant with regulatory requirements.

The Bank has a comprehensive internal rating system for determining risk-weighted assets used to compute capital adequacy ratios. A periodic assessment and control process has been deployed to ensure that the system is appropriate and correctly implemented. For corporate loans, the system is based on three parameters: the counterparty's probability of default expressed via a rating; loss given default, which depends on the structure of the transaction; and the credit conversion factor (CCF), which estimates the portion of off-balance sheet exposure at risk.

There are twenty counterparty ratings. Seventeen cover performing clients with credit assessments ranging from 'excellent' to 'very concerning', and three relate to clients classified as in default, as per the definition published by the banking supervisor.

Ratings are determined at least once a year, in connection with the annual review of the client's total exposure, drawing on the combined expertise of Business line staff and Senior Credit Officers from the Risk Department, the latter having the final say. High quality tools have been developed to support the rating process, including analysis assistance and credit scoring systems. The decision to use these tools and the choice of technique depends on the nature of the risk.

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

Loss given default is determined either using statistical models for books with the highest degree of granularity or using expert judgment based on comparative values. Basel II defines loss given default as the loss that the Bank would suffer in the event of the counterparty's default.

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

Exposure at default has been modelled by the Bank, using either historical internal default data or other techniques when there is insufficient historical data. Conversion factors are used to measure the off-balance sheet exposure at risk in the event of borrower default.

Each of the three credit risk parameters is back-tested annually to check the system's performance for each of the Bank's business segments. Back-testing consists of comparing estimated and actual results for each parameter.

For back-testing ratings, the default rate of populations in each rating category, or each group of risks with similar characteristics for retail banking operations, is compared with the actual default rate observed on a year-by-year basis. An analysis by rating policy, rating, geographical area and rating method is carried out to identify any areas where the models might be underperforming. The stability of the rating and its population is also verified. The Bank has also developed back-testing techniques tailored to low default portfolios to assess the appropriateness of the system, even where the number of actual defaults is very low.

Back-testing of the overall recovery rates is based mainly on analysing recovery flows on exposures in default. When an exposure has been written off, each amount recovered is discounted back to the default date and calculated as a percentage of the exposure. When an exposure has not yet been written off, the amount of provisions made is used as a proxy for the exposure that will not be recovered. The recovery rate determined in this way is then compared with the initial forecast rate. As for the rating, recovery rates are analysed on an overall basis and by rating policy and geographical area. Variances on an item-by-item and average basis are analysed taking into account the bimodal distribution of recovery rates. The results of these tests show that the Bank's estimates are consistent with economic downturn conditions and are conservative on an average basis.

The credit conversion factor is also backtested annually.

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

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

4.d.1.4 Portfolio policy

In addition to carefully selecting and assessing individual risks, BNP Paribas Fortis follows a portfolio-based policy designed to diversify risks among borrowers, industries and countries. As part of this policy, BNP Paribas Fortis may use credit risk transfer instruments (such as securitisation programmes or credit derivatives) to hedge individual risks, reduce portfolio concentration or cap potential losses under crisis scenarios.

4.d.1.5 Risk mitigation techniques

Collateral and other security

Risk mitigation is the result of reducing the credit risk by hedging or by obtaining collateral. Hedging is any financial technique designed to reduce or eliminate the financial risk engendered by products and/or activities. Security (collateral) is any commitment made or privilege given by a counterparty or third party to which the Bank can seek recourse in the event of the counterparty's default in order to reduce loan losses, or any other agreement or arrangement having a similar effect. The lending activity is never based purely on collateral or hedging. Risk mitigation factors are always regarded as an alternative solution.

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

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

Purchases of credit protection

Optimisation of credit portfolio management requires the use of efficient hedging techniques to avoid concentration or unwanted exposure in the loan or debt security portfolio. For this purpose, BNP Paribas Fortis uses mainly single name credit default swaps (CDS). CDS counterparties are carefully selected and virtually all contracts benefit from collateral agreements.

Asset securitisation

Asset securitisation is the process of creating a marketable financial instrument that is backed by the cash flow or value of specific financial assets. During the securitisation process, assets (e.g. consumer loans, receivables, mortgages) are selected and pooled together into a special purpose vehicle (SPV) which issues securities that can be sold to investors. Detailed information on asset securitisation is provided in section 4.d.3 'Securitisation' of this chapter and in note 8.g 'Structured Credit Instruments'.

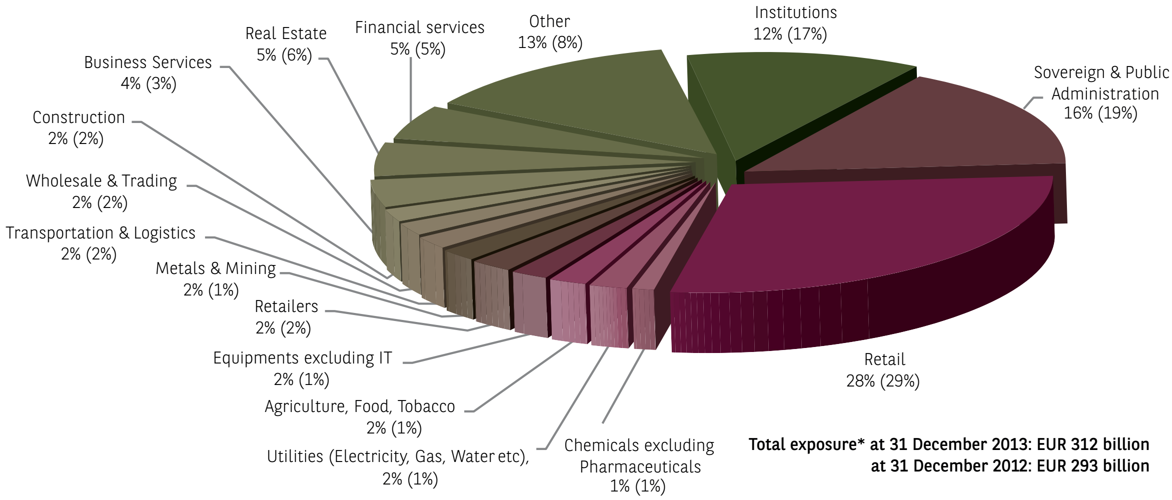
Diversification of exposure to credit risk

Credit risk concentration is any exposure to a counterparty or an aggregate of exposures to a number of positively correlated counterparties (i.e. tendency to default under similar circumstances) with the potential to produce a significant amount of capital loss due to a bankruptcy or failure to pay. Avoidance of concentrations is therefore fundamental to BNP Paribas Fortis' credit risk strategy of maintaining granular, liquid and diversified portfolios.

In order to identify potential linkages between exposures to single counterparties, BNP Paribas Fortis applies the concept of 'total group authorization'. This implies that groups of connected counterparties are considered to be a 'Business Group' for the management of credit risk exposure.

To manage the diversity of credit risk, BNP Paribas Fortis' credit risk management policy seeks to spread credit risk across different sectors and countries. The table below shows the industry concentration of BNP Paribas Fortis' customer credit portfolio at 31 December 2013.

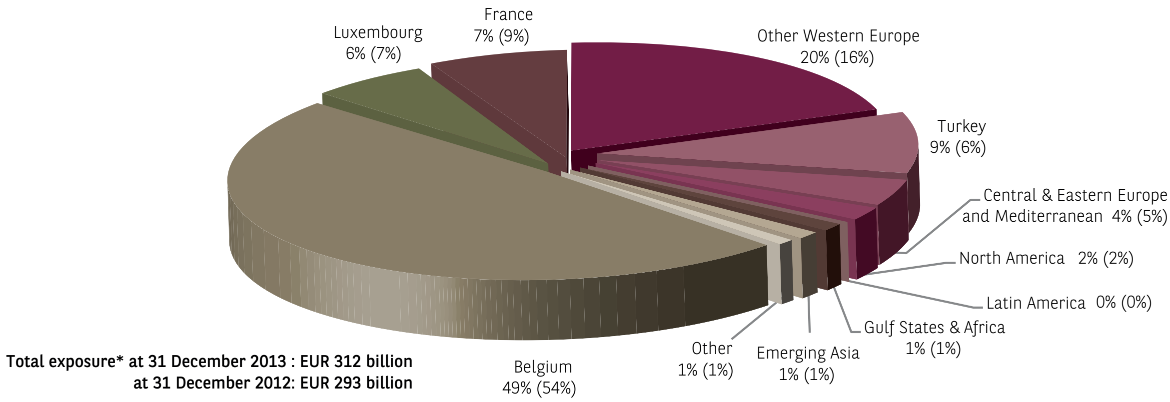
Breakdown of credit risk by Basel II Asset Class and by corporate industry at 31 December 2013



[*] Total exposure excluding counterparty risk, equity, other non-credit obligation assets and securitisation positions. Percentages between brackets reflect the breakdown at 31 December 2012.

Country concentration risk is the sum of all exposures to obligors in the country concerned. The table below shows the geographical concentration of BNP Paribas Fortis' customer credit portfolio at 31 December 2013.

Geographical breakdown of credit risk at 31 December 2013 by counterparty's country of location



[*] Total exposure excludes counterparty risk, equity, other non credit obligation assets and securitisation positions. Percentages between brackets reflect the breakdown at 31 December 2012.

4.d.1.6 Credit risk rating

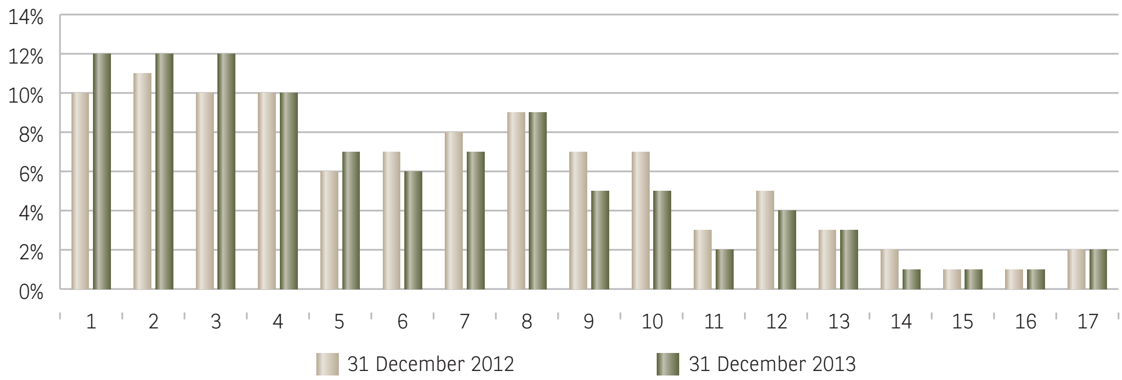
Credit risk rating is a classification that results from the Risk Rating Assignment Process, which is based on a qualified assessment and formal evaluation. This classification is the result of an analysis of each obligor's financial history and an estimate of its ability to meet debt obligations in the future.

To that end, BNP Paribas Fortis has drawn up a 'Master Scale', ranging from 1 to 20, which provides an indication of the probability that a counterparty will default within one year. Master Scale ratings from 1 to 6 are considered investment grade, from 7 to 17 non-investment grade and from 18 to 20 impaired.

IRBA: Corporate exposures by credit rating

The chart below shows a breakdown by credit rating of performing loans and commitments in the Corporate loan book for all the Bank's Business Lines, measured using the internal ratings-based approach (IRBA). This exposure represents EUR 92.2 billion of the gross credit risk at 31 December 2013 compared with EUR 70.7 billion at 31 December 2012.

Breakdown of IRBA - individually rated - Corporate exposures by credit rating



Retail banking operations

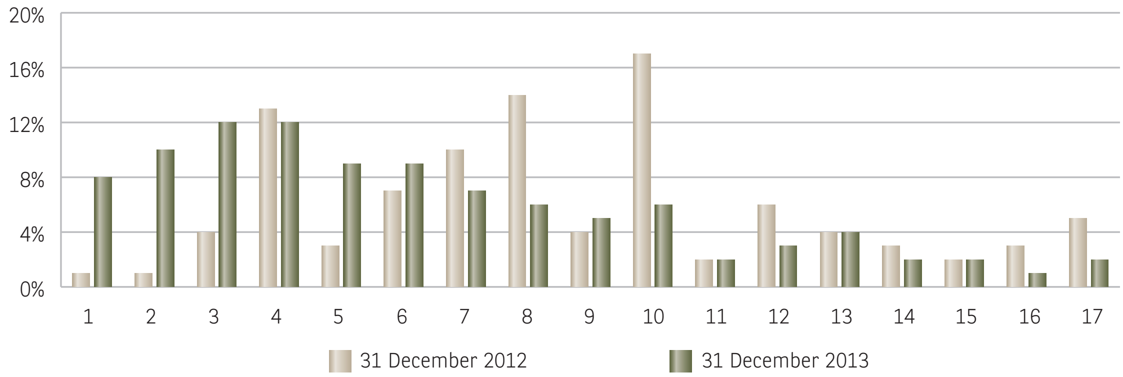
Retail banking operations are carried out through the BNP Paribas Fortis retail network. The Belgian field of operations is embedded in structured and automated credit processes, complying with the Basel II Internal Rating Based Advanced approach endorsed in March 2008.

All the advanced Basel II parameters estimates (PD, EAD, LGD) are reviewed and/or updated yearly. The explanatory variables for the Retail part of the portfolio rely on internal behavioural data. These parameters are computed monthly on the basis of the latest available information and made available without any manual intervention.

Classical scoring techniques are used for screening customers at application time, always remaining in line with the Basel II parameters.

The chart below shows a breakdown by credit rating of performing loans and commitments in the Retail loan book for all the Bank's Business Lines, measured using the internal ratings-based approach. This exposure represents EUR 65.2 billion of the gross credit risk at 31 December 2013 compared with EUR 62.9 billion at 31 December 2012.

Breakdown of IRBA - individually rated - Retail exposures by credit rating



The relative shift towards better rated positions is mainly driven by NBB's approval to use the BNP Paribas group models for retail exposure and, as a consequence, the waiving of penalising risk weights.

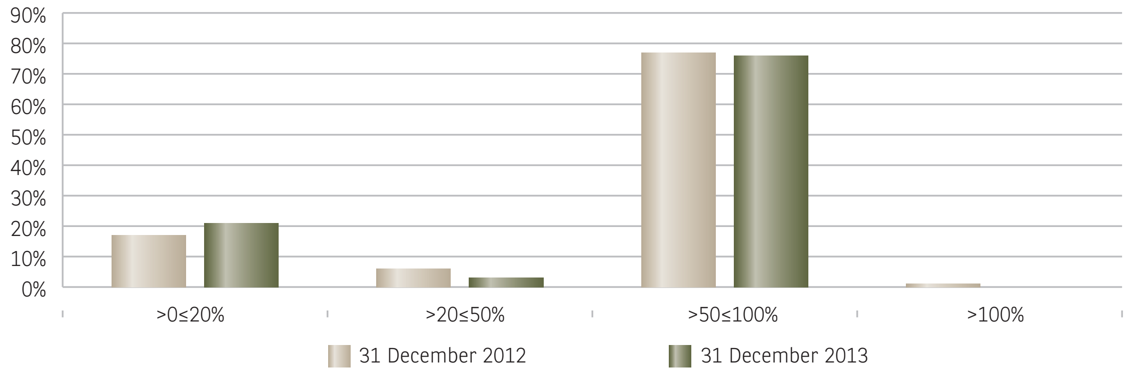
Standardised approach

BNP Paribas Fortis also applies the standardised approach or the 'Unrated Standardised Approach' (USTA) to legal entities or business units, inter alia those that are classified under 'Permanent exemptions'.

The entities classified under 'Permanent exemptions' are those legal entities or business units that are earmarked as non-material based on the eligibility criteria or processes defined by BNP Paribas Fortis. Permanent exemptions will remain as long as the eligibility criteria or processes for non-materiality continue to be met.

The chart below provides information on the exposure to the Corporate loan book (including institutions and governments) measured using the standardised approach and broken down by risk weight buckets.

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



[*] The 'Corporate' loan book shown in the chart above includes corporates, central governments and central banks, and institutions

4.d.1.7 Loans with past-due instalments, whether impaired or not, and related collateral or other security

Past-due but not impaired loans

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

In millions of euros	< 90 days	> 90 days < 180 days	> 180 days < 1 year	> 1 year	Total	Collateral received
						31 December 2013
Available-for-sale financial assets (excl. variable-income securities)						
Loans and receivables due from credit institutions	85				85	58
Loans and receivables due from customers	3,698	53	21	6	3,778	2,258
Held-to-maturity financial assets						
Total past-due but not impaired loans	**3,783**	**53**	**21**	**6**	**3,863**	**2,316**

In millions of euros	< 90 days	> 90 days < 180 days	> 180 days < 1 year	> 1 year	Total	Collateral received
						31 December 2012
Available-for-sale financial assets (excl. variable-income securities)						
Loans and receivables due from credit institutions	58				58	43
Loans and receivables due from customers	5,710	366	2	3	6,081	4,411
Held-to-maturity financial assets						
Total past-due but not impaired loans	**5,768**	**366**	**2**	**3**	**6,139**	**4,454**

The 'past due < 90 days' on loans and receivables from customers has decreased by EUR 2,012 million compared to last year. This is mainly due to the change of definition on 'past due' in BNP Paribas Fortis as well as improvement on the reporting system in the leasing entities.

Doubtful loans

The table below shows the doubtful loan portfolio with related individual impairment provisions.

	31 December 2013			
	Doubtful loans			
In millions of euros	Gross value	Impairment	Net	Collateral received
Available-for-sale financial assets (excl. variable-income securities)	28	(28)		
Loans and receivables due from credit institutions	276	(171)	105	68
Loans and receivables due from customers	7,493	(3,016)	4,477	3,085
Held-to-maturity financial assets				
Doubtful assets	**7,797**	**(3,215)**	**4,582**	**3,153**
Financing commitments given	175	(50)	125	52
Guarantee commitments given	311	(63)	248	154
Off-balance sheet doubtful commitments	**486**	**(113)**	**373**	**206**
TOTAL	**8,283**	**(3,328)**	**4,955**	**3,359**

	31 December 2012			
	Doubtful loans			
In millions of euros	Gross value	Impairment	Net	Collateral received
Available-for-sale financial assets (excl. variable-income securities)	40	(36)	4	
Loans and receivables due from credit institutions	364	(235)	129	70
Loans and receivables due from customers	7,010	(2,970)	4,040	3,094
Held-to-maturity financial assets				
Doubtful assets	**7,414**	**(3,242)**	**4,172**	**3,164**
Financing commitments given	313	(27)	286	72
Guarantee commitments given	228	(54)	174	149
Off-balance sheet doubtful commitments	**541**	**(81)**	**460**	**221**
TOTAL	**7,955**	**(3,323)**	**4,632**	**3,385**

4.d.2 Counterparty risk

Introduction

Counterparty risk, as defined in chapter 4.b.2, is the translation of the credit risk embedded in the market, investment and/or payment transactions. The counterparty risk lies in the risk that a counterparty will default on its obligations to pay the Bank the full present value of a transaction for which the Bank is a net receiver.

The counterparty risk is linked to the replacement cost of a derivative when the counterpart defaults. It can be seen as a market risk in case of default or a contingent risk

Counterparty exposure valuation

The Exposure at Default (EAD) for counterparty risk is measured using an internal model and is subsequently incorporated into the credit risk weighting system. It is based on Monte-Carlo simulations, which assess the possible movements in exposure value. The stochastic processes used are sensitive to parameters including volatilities and correlations, and are calibrated on historical market data.

The potential future counterparty risk exposures are measured using a system based on internal models, which can simulate thousands of potential market scenarios and perform the valuation of each counterparty trading portfolio at several points in the future (from 1 day to more than 30 years for the longest transactions). Value changes are calculated up to the maturity of transactions.

When performing the exposure aggregation, the system takes into account the legal contracts linked to each transaction and counterparty, such as netting and margin call agreements.

Counterparty risk exposures are characterised by high variability over time due to constant evolution of market parameters affecting the underlying transaction value. It is therefore important to monitor the current transaction values, but also to analyse their potential changes in the future.

For non-modelled counterparty risk exposures, the EAD is based on market price evaluation (Net Present Value + Add On).

Limit / Monitoring Framework

A counterparty risk limit framework with appropriate escalation mechanisms is in place. Potential Future Exposures calculated by the system are compared with the limits assigned to each counterpart on a daily basis. In addition, this system can simulate new transactions and measure their impact on the counterparty portfolio. It is therefore an essential tool of the risk approval process. The following Committees (listed in ascending scale of authority) - Regional Credit Committee, Global Credit Committee and General Management Credit Committee - set the limits according to their delegation level. This is complemented by sets of guidelines (e.g. guidelines for contingent market risk sensitivities per counterparty which are extracted from the market risk system) that provide further tools in the monitoring of counterparty risk and the prevention of systemic risk concentrations.

Netting agreements

Netting is used by the Bank in order to mitigate counterparty credit risk associated with derivatives trading. The main instance where netting occurs is in case of trades-termination: if the counterparty defaults, all the trades are terminated at their current market value, and all the positive and negative market values are summed to obtain a single amount (net) to be paid to or received from the counterparty. The balance ('close-out netting') may be collateralised with cash, securities or deposits.

The Bank also applies settlement netting in order to mitigate counterparty credit risk in case of currency-settlements. This corresponds to the netting of all payments and receipts between the Bank and one counterparty in the same currency, to be settled the same day. The netting results in a single amount (for each currency) to be paid either by the Bank or by the counterparty.

Transactions affected by this are processed in accordance with bilateral or multilateral agreements respecting the general principles of the national or international framework. The main forms of bilateral agreements are those issued by the National Bank of Belgium (NBB), and on an international basis by the International Swaps and Derivatives Association (ISDA).

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

The valuation of financial OTC-trades carried out by BNP Paribas Fortis as part of its trading activities includes credit value adjustments. A 'Credit Value Adjustment' (CVA) is an adjustment of the derivatives valuation to take into account the counterparty risk. It reflects the expected loss in fair value on a counterparty exposure based on the potential positive value of the contract, the counterparty default probability, and the estimated recovery rate.

Counterparty risk exposures on derivative instruments cover all derivative portfolio exposures of BNP Paribas Fortis, all underlyings and all Business Lines combined. Fixed Income exposures represent the large majority of these exposures.

Dynamic management of counterparty risk

The credit value adjustment is a variable of the existing exposure movements and the credit risk level of the counterparty, which may be linked to the movements of the Credit Default Swaps (CDS) spread used in the default probability calculation.

In order to reduce the risk associated with the credit quality deterioration embedded in a financial operations portfolio, BNP Paribas Fortis may use a dynamic hedging strategy, involving the purchase of market instruments such as credit derivative instruments.

Stress testing and General Wrong Way Risk

The monitoring of counterparty risk is complemented by single factor and multi factor (holistic) counterparty stress testing and also a policy and analysis approach for General Wrong Way Risk. Such risk analysis is present within the management reporting framework which shares some common forums with the market risk reporting set up (such as the CMRC core risk committee for market and counterparty risk).

The BNP Paribas Fortis' counterparty risk stress testing framework comprises a Bottom-Up and Top-Down approach, aligned with the market risk framework (as described in the market risk section). As such, the counterparty stress testing framework is implemented in conjunction with the market risk stress testing and employs consistent market shifts where scenarios are shared. Testing also comprises factors specific to counterparty risk such as deteriorations in counterparty credit quality and shocks on the volatility used in the counterparty risk forward simulation pricing engine.

In terms of governance, both counterparty and market risk stress testing frameworks are covered by the same committee, the Stress Testing Steering Committee. All of the significant global stress test results coming from both the Bottom-Up and Top-Down approaches are reported to the CMRC and through other core management information routes reaching all levels up to the senior management of the Bank.

As with the counterparty risk stress testing framework, the General Wrong Way Risk (GWWR) monitoring and analysis approach combines Top-Down and Bottom-Up aspects.

For the Top-Down approach, the GWWR policy defines the generic rules and criteria to be used to detect GWWR. These criteria are based on the countries of incorporation of the counterparties, the region of which they are part and the industries in which they are involved. Various market risk positions that counterparties may have with BNP Paribas Fortis have been defined as the situations where GWWR should be analysed and reported.

For the Bottom-Up approach, due to the complexity of GWWR and the very specific correlation sometimes observed between a given market parameter and the creditworthiness of the counterparty, the GWWR framework also relies upon a robust Bottom-Up approach with the expertise of the counterparty credit analysts specifically needed.

The results of the GWWR analysis are reported to the senior management of the Bank, including at the level of the CMRC.

4.d.3 Securitisation

Asset securitisation is the process of creating a marketable financial instrument that is backed by the cash flow or value of specific financial assets. During the securitisation process, assets (e.g. consumer loans, receivables, mortgages) are selected and pooled together into a special purpose vehicle (SPV) which issues securities that can be sold to investors.

Proprietary securitisation (Originator under Basel II)

To support its business development, while meeting regulatory capital requirements, BNP Paribas Fortis has launched securitisation programmes. Securitisation of own assets can provide long term funding, liquidity or a capital management tool depending on the requirements. The related securitisation vehicles are fully consolidated and, hence, the securitised assets are reported on-balance in the Consolidated Financial Statements.

BNP Paribas Fortis has also created a special purpose vehicle (SPV) called Bass Master Issuer NV/SA to securitise mortgage loans, originally granted by BNP Paribas Fortis and a SPV called Esmée Master Issuer NV/SA designed to securitise loans to self-employed people and small and medium-sized enterprises, originally granted by BNP Paribas Fortis. Exposures in Bass Master Issuer NV/SA and Esmée Issuer NV/SA are excluded from the table below as bonds issued under these programmes have not so far been sold to third parties and are therefore not regarded as efficient under Basel 2.5. Additional information on both securitisation transactions is included in the note 8.n 'Additional information on the Bass and Esmée securitisation transactions' of the BNP Paribas Fortis Consolidated Financial Statements 2013.

Securitisation as sponsor on behalf of clients

In 2013, securitisation provided a financing alternative for the Bank's clients. In particular, financing via Scaldis Capital Limited ('Scaldis'), an asset-backed commercial paper (ABCP) vehicle sponsored by BNP Paribas Fortis, gave BNP Paribas Fortis' corporate and institutional clients access to an alternative funding source from the capital markets. As at 31 December 2013: (i) the total face value of the commercial paper issued via Scaldis was USD 3.21 billion (EUR 2.33 billion), and (ii) the proceeds of the commercial paper issuance were used to invest USD 1.81 billion (EUR 1.32 billion) in highly rated eligible securities, USD 1.39 billion (EUR 1.01 billion) in eligible financial assets from clients of BNP Paribas Fortis and USD 10.44 million (EUR 7.60 million) in cash and deposits.

Scaldis' eligible asset purchases are structured to justify an A-1/P-1/F1 rating level. Throughout 2013, Scaldis' commercial paper was rated in the highest short term rating category from each of Standard & Poor's, Moody's and Fitch Ratings: respectively A-1, P-1 and F1.

Securitisation as investor

BNP Paribas Fortis has made investments in a wide variety of ABS/MBS (asset-backed securities/mortgage-backed securities), with a clear focus on the differentiation of deal ticket size and diversification by asset type and geographical distribution, ranging from European Prime residential mortgage-backed securities (RMBS), to US student loans, credit cards, commercial MBS, collateralised loan obligations (CLOs), consumer ABS, SME and small business loans. Redemptions from these assets are no longer reinvested in the ABS/MBS portfolio.

BNP Paribas Fortis' structured credits are overweight in investment grade securities (93% of the portfolio is investment grade). BNP Paribas Fortis' credit risk exposures arising from these transactions as of year-end 2013 and the valuation methods applied are described in note 8.g 'Structured Credit Instruments'.

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

In millions of euros	31 December 2013	31 December 2012
BNP Paribas Fortis role		
Originator		
Sponsor	2,914	3,512
Investor	4,221	9,573
TOTAL EXPOSURE	**7,135**	**13,085**

Securitisation risk management

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

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

4.e Market risk

4.e.1 Market risk related to trading activities

4.e.1.1 Introduction

Market risk arises from trading activities carried out within Corporate and Investment Banking and encompasses different risk factors defined as follows:

- Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.
- Foreign exchange risk is the risk that the value of an instrument will fluctuate due to changes in foreign exchange rates.
- Equity risk arises from changes in the market prices and volatility of equity shares and/or equity indices.
- Commodities risk arises from changes in the market prices and volatility of commodities and/or commodity indices.
- Credit spread risk arises from the change in the credit quality of an issuer and is reflected in changes in the cost of purchasing protection on that issuer.
- Option products by their nature create volatility and correlation risks, for which risk parameters can be derived from option market prices observed in an active market.

4.e.1.2 Organisational principles

Governance

The purpose of the market risk management system is to track and control market risks and also control financial instrument valuation whil ensuring that the Control functions remain totally independent from the Business Lines.

Within GRM, Risk – Investment & Markets (Risk-IM) has the responsibility in terms of market risk management to define, monitor and analyse risk sensitivities and risk factors, and to measure and monitor Value at Risk (VaR), which is the overall indicator of potential losses. Risk-IM ensures that all business activity complies with the limits approved by the various committees and approves new activities and major transactions, reviews and approves position valuation models and conducts a monthly review of market parameters (MAP review) in association with the Valuation and Risk Control (V&RC) department.

Market Risk and financial instrument valuation monitoring is structured around several formal committees:

- The Capital Markets Risk Committee (CMRC) is the main committee governing the risks related to capital markets. It is responsible for addressing, in a coherent manner, the issues related to market and counterparty risk. The CMRC follows the evolution of the main exposures and stress risk and sets the high level trading limits. It meets bimonthly (except during summer) and is chaired by either the CEO or by the Head of Corporate and Investment Banking (who is a member of the Executive Committee).
- The Product and Financial Control Committee (PFC) is the arbitration and decision-making Committee regarding financial instrument valuation matters. It meets quarterly and discusses the conclusions of the CIB Financial Control teams and their work to enhance control effectiveness and the reliability of the measurement and recognition of the results of market transactions. It is chaired by the Group Chief Financial Officer and brings together the Directors of Group Finance-Accounting, Corporate Investment Banking and Group Risk Management.
- At business unit level, the Valuation Review Committee (VRC) meets monthly to examine and approve the results of the Market parameters review and any changes in reserves. The Valuation Review Committee also acts as referee in any disagreements between the business units and the control functions. The committee is chaired by the Senior Trader and other members include representatives from trading, GRM, Group Valuation and Risk Control and Finance. Any disagreement is escalated to the PFC.

4.e.1.3 Valuation control

Financial instruments in the prudential Trading book are valued and reported at market or model value through P/L, in compliance with applicable accounting standards. Such can also be the case for certain financial instruments classified in the banking book.

Portfolio valuation control is performed in accordance with the Charter of Responsibility for Valuation, which defines the division of responsibilities. These governance policies and practice apply to all Capital Markets and Treasury activities including the main ALM centre.

In addition to the Charter of Responsibilities, the relevant valuation controls are detailed in specific policies. We detail below the main processes that together form the valuation control governance.

Transaction booking control

This control is under the responsibility of the Middle-Office within the Operations Department. However, certain complex transactions are controlled by Risk-IM.

Market parameter review – Independent Price Verification

Price verification is managed jointly by Valuation and Risk Control (V&RC) and Risk-IM and a comprehensive and formal review of all the market parameters is performed at month end. The types of parameters controlled by V&RC are essentially the parameters for which an automatic control against external sources can be implemented (security prices, vanilla parameters), this may include the use of consensus price services. Risk-IM is in charge of controlling valuation methodologies as well as the most complex parameters which are highly dependent on the choice of models.

The general principles of the Market parameter reviews are described in the Charter of Responsibility on Valuation and in specialised global policies such as the Global Marking and Independent Price Verification Policy.

The outcome of the market parameter review is the estimation of valuation adjustments communicated to Middle-Office and Finance who enter it in accounting records. The results are communicated to the Trading management during Valuation Review Committee meetings, where arbitrations can be made. The opinion of the Control functions prevails. Any significant and persistent disagreement can however be escalated to the PFC.

Models approval and reviews

For operations whose nature is common to BNP Paribas and BNP Paribas Fortis, BNP Paribas Fortis uses BNP Paribas models. Should BNP Paribas Fortis have specific products or activities not monitored outside BNP Paribas Fortis, BNP Paribas Fortis Risk-IM would, in close cooperation with BNP Paribas Risk-IM, draw up official valuation methodologies and reserve policies. In this case, BNP Paribas Fortis Risk-IM would also be responsible for the 'models/products' mapping. The whole BNP Paribas model control framework must guarantee that the use of models is compliant with the IAS-IFRS standard relative to the fair value measurement of financial instruments.

Reserve and other valuation adjustments

Risk-IM determines and calculates 'reserves', which are market or model value accounting adjustments. They can be regarded either as the exit cost of a position or as premium for risks that cannot be diversified or hedged, as appropriate.

The reserves cover mainly:

- the bid-offer and liquidity spreads;
- the model or market parameters uncertainties;
- the elimination of non hedge-able risks (smoothing digital or barrier pay-offs).

A general valuation adjustment policy exists. Reserve methodologies are documented by Risk-IM for each product line and these documentations are updated regularly. The analysis of reserve variations is reported at the monthly VRC.

Reserve methodologies are regularly improved and any change is deemed to be a Valuation Model event. Reserve improvements are generally motivated by the conclusion of a model review or by calibration with market information during the market parameter review process.

Day-one profit or loss

Some transactions are valued with 'non-observable' parameters. IAS 39 requires the recognition of any day-one P/L for non-observable transactions to be deferred where the initial model value has to be calibrated with the transaction price.

Risk-IM works with Group Finance, Middle-offices, and Business Lines on the process of identifying and handling these profit and loss items, in order to determine whether a type of parameter or transaction is observable or not in accordance with the observability rules, which are moreover duly documented.

The P/L impact of the P/L deferral is calculated by the Middle-Office.

Observability rules are also used for the financial disclosures required by IFRS 7.

During 2013, no transactions at BNP Paribas Fortis were subject to day-one profit.

4.e.1.4 Market risk exposure

Market risk is first analysed by systematically measuring portfolio sensitivity to various market parameters. The results of these sensitivity analyses are compiled at various aggregate position levels and compared with market limits.

Risk monitoring set up and limit setting

BNP Paribas Fortis uses an integrated system to follow the trading positions on a daily basis and manage VaR calculations. This system tracks not only the VaR, but also detailed positions and sensitivities to market parameters based on various simultaneous criteria, such as by currency, product or counterparty. This system is also configured to include trading limits, reserves and stress tests.

Responsibility for limit setting and monitoring is delegated at three levels, which are, in order of decreasing importance, CMRC, Business Line and Activity. Thus delegation exists from CMRC level right down to trading heads). Limits may be changed either temporarily or permanently, in accordance with the level of delegation and the prevailing procedures. Appropriate escalation mechanisms are in place to ensure that the independent view from the Risk Function regarding the level of limits is heard.

Core risk analysis and reporting to Executive Management

Risk-IM reports, through various risk analyses and dashboards, to Executive Management and Business Lines Senior Management on its risk analysis work (limit, VaR monitoring, core risk analysis, etc). The Global Risk Analysis and Reporting team is responsible for compiling and circulating main global risk reports.

The following risk reports are generated on a regular basis:

- Weekly/Bi-weekly 'Main Position' reports for each Business Line, summarising all positions and highlighting items needing particular attention; these reports are mainly intended for Business Line managers
- Monthly risk dashboard covering Capital Markets' market and counterparty risks
- Quarterly risk 'dashboard' covering the key market, credit, liquidity and counterparty risks
- Supporting documentation for the core Capital Markets Risk Committee comprising markets and risk event summaries, global counterparty exposure summary, VaR/Stressed VaR evolution, market and counterparty risk stress testing and capital evolution summaries, market and counterparty risk back-testing
- Credit Valuation Adjustment Reporting for coverage of the core CVA market and counterparty risk sensitivities.

Value at Risk (VaR)

The Value-at-Risk (VaR) is the worst loss expected for a given portfolio over a given time period within a given confidence interval due to normal market movements. The VaR is a statistical measure corresponding to a level of confidence. It is not a maximum loss and it may be exceeded in some cases, for example in the event of abnormal market conditions.

The VaR provides a single summary, an easily understood measure of possible portfolio losses and is therefore a useful tool in risk management. The BNP Paribas Fortis VaR methodology aims to accurately compute a 1-day Value-at-Risk at a 99% confidence level. The BNP Paribas Fortis VaR calculation is based on an internal model which has been approved by the banking supervisor.

The VaR calculation is based on a Monte-Carlo approach, which not only performs normal or log-normal simulations but also accounts for abnormality often observed in financial markets as well as correlation between risk factors. A one year rolling window of historical market data (updated every month) is used to calibrate the Monte Carlo simulation.

The principal groups of simulated factors include: interest rates, credit spreads, exchange rates, equity prices, commodities prices, and associated volatilities.

The precise valuation method used varies depending not upon the product but upon the type of risk we are capturing. To generalise, the methods used are either sensitivity based or full revaluation based on grid interpolation to incorporate both linear and, especially for derivatives, non-linear effects.

The algorithms, methodologies and sets of indicators are reviewed and improved regularly to take into account the capital market evolution.

Following agreement with the Belgian and French regulators (BNB and ACPR), the BNP Paribas internal model has been extended since the third quarter of 2011 to BNP Paribas Fortis.

Historical evolution of the VaR (10 days, 99%) in 2013

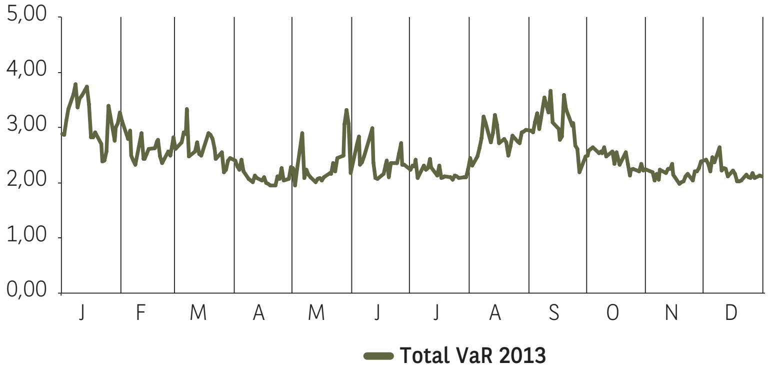
The VaR set out below are calculated from an internal model, which uses parameters that comply with the method recommended by the Basel Committee for determining estimated value at risk ('Supplement to the Capital Accord to Incorporate Market Risks'). They are based on a ten-day time horizon and a 99%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

During 2013, total average VaR was EUR 7.9 million (with a minimum of EUR 6.2 million and a maximum of EUR 11.9 million), after taking into account the EUR (3.0) million netting effect between the different types of risks. These amounts break down as follows

In millions of euros	**Year to 31 Dec. 2013**				**Year to 31 Dec. 2012**	
Type of risk	**Average**	**Minimum**	**Maximum**	**End of year**	**Average**	**End of year**
Interest rate risk	7.5	5.7	11.5	6.6	12.3	8.6
Credit risk	1.6	0.7	3.6	0.8	2.9	1.6
Foreign exchange risk	1.8	0.6	3.9	1.5	2.3	1.0
Equity price risk					1.2	
Commodity price risk						
Netting effect	*(3.0)*	*(0.8)*	*(7.1)*	*(2.3)*	*(5.7)*	*(2.4)*
TOTAL VALUE AT RISK	**7.9**	**6.2**	**11.9**	**6.6**	**13.0**	**8.8**

Risk exposure

Change in VaR (1 day, 99%) in million euros in 2013



GRM continuously tests the accuracy of its internal model through a variety of techniques, including a regular comparison over a long-term horizon between actual daily P&L on capital market transactions and 1-day VaR. A 99% confidence level means that in theory the Bank should not incur daily losses in excess of VaR more than two or three days a year.

The standard VaR back-testing method makes a comparison of the daily global Trading book VaR to the one-day changes in the portfolio's value. Over 2013, there were no real P&L back-testing excesses observed.

In addition to this real P&L back-testing, a comparison between the hypothetical P&L versus the VaR is also performed. The hypothetical P&L is based on constant positions, thus capturing only market effect. During 2013, no hypothetical losses greater than the VaR were observed.

CRD 3 requirements

Since 31 December 2011, the European CRD 3 Directive (also known as 'Basle 2.5'), applies and amends the capital requirements for market risk: Stressed VaR, Incremental Risk Charge (IRC), Comprehensive Risk Measure (CRM) and Trading book securitisation.

Stressed VaR

A Stressed VaR (SVaR) is calibrated over a one year period including a crisis period. A 12 month period (31 March 2008 to 31 March 2009) was taken as a reference period for the calibration of the Stressed VaR. This choice is subject to quarterly review.

In millions of euros	31 December 2013				31 December 2012	
Type of risk	Average	Minimum	Maximum	End of year	Average	End of year
Interest rate risk	14.6	11.5	19.7	17.8	14.3	13.5
Credit risk	3.1	2.0	11.3	2.2	6.1	2.3
Foreign exchange risk	2.9	0.9	7.5	2.7	3.4	2.5
Equity price risk					1.9	
Commodity price risk						
Netting effect	*(5.8)*	*(1.9)*	*(18.8)*	*(5.1)*	*(9.6)*	*(3.9)*
TOTAL VALUE AT RISK	**14.8**	**12.5**	**19.7**	**17.6**	**16.1**	**14.4**

Incremental Risk Charge (IRC)

The IRC approach measures losses due to default and ratings migration at the 99.9% confidence interval over a capital horizon of one year, assuming a constant level of risk to this horizon. The purpose of this approach is to capture the incremental default and migration risks on all non-securitised products

The model is currently used in the risk management processes. This model was approved by both the French and the Belgian banking supervisor.

The calculation of IRC is based on the assumption of a constant level of risk to the one-year capital horizon, implying that the trading positions or sets of positions can be rebalanced within this horizon in a manner that maintains the initial risk level, measured by the VaR or by the profile exposure by credit rating and concentration. This rebalancing frequency is called the liquidity horizon.

The model is built around a rating-based simulation for each obligor, which captures both the risk of the default and the risk of rating migration. The dependence among obligors is based on a multi-factor asset return model. The valuation of the portfolios is performed in each simulated scenario. The model uses a constant one year liquidity horizon.

In millions of euros	31 December 2013				31 December 2012	
Type of risk	Average	Minimum	Maximum	End of year	Average	End of year
TOTAL IRC	**27.4**	**18.5**	**55.9**	**28.1**	**26.3**	**21.8**

Comprehensive risk measure (Correlation portfolio)
The comprehensive risk measure (CRM) is a charge for structured credit correlation products in the Trading books. Following the de-risking as set out in the Industrial Plan, the CRM is not applicable to BNP Paribas Fortis.

Securitisation positions in Trading books outside correlation portfolio
This additional capital charge for re-securitisation is not applicable to BNP Paribas Fortis.

Market Risk stress testing framework

A range of stress tests are performed to simulate the impact of extreme market conditions on the value of the global Trading books. Stress tests cover all market activities applying a range of stressed market conditions.

The fundamental approach of the current trading book stress testing framework combines 'bottom-up' and 'top-down' stress testing:

- Macro Scenarios ('top-down') comprise the evaluation of a set of global level stress tests. These scenarios assess the impact of severe market moves on BNP Paribas Fortis trading positions related to large global or major regional market shock events. They can be based on historical events or forward-looking hypothetical scenarios. Scenarios include events such as an emerging markets crisis, credit crunch or stock markets crash.

  The official macro stress tests scenarios currently comprise a range of eight different stress tests. The results of these scenarios are reviewed at every Capital Markets Risk Committee session.

  - **Scenario 1:** unexpected rate hike, driving short-term rates higher with a flattening of the interest rate curve
  - **Scenario 2:** stock market crash, with a flight to quality leading to a drop in trading and a steepening of the interest rate curve
  - **Scenario 3:** generic emerging market crisis designed to test global risk of these markets
  - **Scenario 4:** credit crunch, leading to a general risk aversion
  - **Scenario 5:** euro crisis: low GDP expectations, potential threat of a country leaving the euro and a significant weakening of the currency
  - **Scenario 6:** Oil shock scenario driven by severe geopolitical turmoil within the Middle East region with severe consequences for energy markets
  - **Scenario 7:** US crisis scenario, mostly based on a structural US crisis spreading round the globe
  - **Scenario 8:** Risk-on scenario: rally in equity and emerging markets, low realised volatility and drop in implied volatility in all markets (effectively a return to risky assets)

- Micro Level Scenarios ('bottom-up'): instead of looking at the effect on the global portfolio, these types of scenarios aim to highlight risk exposures on specific trading desks, regions or risk concentrations. This 'bottom-up' approach enables the use of more complex stress scenarios and hence allows the detection of areas of potential losses which may not be easily achieved under the global macro scenarios, such as complex market dislocations or idiosyncratic risk. This process facilitates the classification of risk areas into less liquid or structural exposures.

The analysis of the above scenarios enables the Adverse Scenario for the Trading books to be constructed. These official global stress scenarios are presented at each Capital Markets Risk Committee session along with the Adverse Scenario and any bottom-up stress test yielding significant results.

Stress testing is governed by the Capital Markets Stress Testing Steering Committee (STSC). The Committee meets monthly and sets the direction of all internal risk departmental stress scenario developments, infrastructure, analysis and reporting.

The STSC governs all internal stress testing matters relating to both market and counterparty risk and decides upon the detailed definition of the CMRC official Stress Tests.

Stress testing is the core element of the tail risk analysis, which is also captured through the stressed Value-at-Risk, the Incremental Risk Charge and the Comprehensive Risk Measure.

4.e.2 Market risk related to banking activities

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

Interest rate and currency risks related to banking intermediation activities and investments mainly relate to retail banking activities, the specialised financing and savings management subsidiaries, the CIB financing businesses and investments made by BNP Paribas Fortis. These risks are managed by the ALM & Treasury Department.

At Group level, ALM & Treasury reports directly to the Group Functions. Strategic decisions are made by the Asset and Liability Committee (ALCO), which oversees ALM & Treasury activities. These committees have been set up at Group, Core Business division and operating entity level.

4.e.2.1 Equity risk

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

- listed and unlisted equities and units in investment funds
- options embedded in convertible and mandatory convertible bonds
- equity options
- super subordinated notes
- commitments given and hedges related to equity interests
- interests in companies accounted for by the equity method.

Modelling equity risk

In accordance with the Capital Requirements Directive, banks using the Internal Risk Based Approach are required to apply a separate treatment to the equity exposures held in their banking book. BNP Paribas Fortis therefore applies the Simple Risk Weight approach, except for (i) equity exposure held prior to 2008 or held in non-material entities, for which the Standardised approach is applied, and (ii) participations which are deducted from own funds.

The Simple Risk Weight approach is based on long-term market observations and sets out separate risk weights covering unexpected losses:

- 190% of exposure value for private equity exposures in sufficiently diversified portfolios
- 290% of exposure value for exchange-traded equity exposure
- 370% of exposure value for other equity exposures.

In addition, expected losses for equity exposure are deducted from own funds. The model has been validated by the supervisor for measuring the capital requirement for equity risk as part of the Basel II approval process.

Exposure to equity risk*

In millions of euros	31 December 2013	31 December 2012
Simple risk weight method	**694**	**810**
190% weighted	571	655
290% weighted	2	7
370% weighted	121	148
Standardised approach	**658**	**1,000**
TOTAL	**1,352**	**1,810**

(*) fair value (on and off balance sheet)

4.e.2.2 Currency risk (Pillar 1)

Calculation of risk-weighted assets

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

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

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

The rules for calculating the capital requirements for currency risk are as follows:

- Matched positions in currencies of Member States participating in the European Monetary System are subject to a capital requirement of 1.6% of the value of the matched positions.
- Positions in closely correlated currencies are subject to a capital requirement of 4% of the matched amount.
- Other positions, including the balance of unmatched positions in the currencies mentioned above, are subject to a capital requirement of 8% of their amount.

Currency risk and hedging of earnings generated in foreign currencies

BNP Paribas Fortis' exposure to operational currency risks stems from the net earnings in currencies other than the euro. BNP Paribas Fortis' policy is to hedge on a monthly basis all its non-EUR earnings against EUR. Earnings generated locally in a currency other than the operation's functional currency are hedged locally. Net earnings generated by foreign subsidiaries and branches and positions relating to portfolio impairment are managed centrally.

Currency risk and hedging of net investments in foreign operations

BNP Paribas Fortis' currency position on investments in foreign operations arises mainly from branch capital allocations and equity interests denominated in foreign currencies.

BNP Paribas Fortis' policy is usually to borrow the investment currency in order to protect the investment against currency risk. Such borrowings are documented as hedges of net investments in foreign operations. However, for some (more illiquid) currencies for which borrowing is difficult, the investment may also be financed by purchasing the currency against EUR. The decision is taken by the ALCO.

4.e.2.3 Interest rate risk (Pillar 2)

Interest rate risk management framework

Interest rate risk on the commercial transactions of Retail banking, the specialised financing subsidiaries, the savings management Business Lines in the Investment Solutions division and CIB's Corporate Banking units are managed centrally by ALM & Treasury. Interest rate risk on the Bank's equity and investments is also managed by ALM & Treasury.

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

The main decisions concerning positions arising from banking intermediation activities are taken at monthly or quarterly committee meetings. These meetings are attended by the management of the Business Line, ALM & Treasury, Finance and the Risk department.

The four main sources of interest rate risk are:

- Repricing risk, due to a mismatch of interest rate repricing between assets and liabilities (usual mismatch)
- Changes in the structure of yield curves (parallel, flattening or steepening shifts)
- Basis risk resulting from imperfect correlation between different reference rates (for example swap rates and government bond yields)
- Optionality: on the asset side, certain financial instruments carry embedded options (hidden or explicit) that will be exercised depending on movements in interest rates

Measurement of interest rate risk

BNP Paribas Fortis measures, monitors and controls its Banking book interest rate risk using the following indicators:

- Duration of equity
- Interest rate sensitivity of the fair value of equity
- Earnings at Risk (EaR)

Duration of equity - Duration is a measure of the average timing of cash flows from an asset or a liability portfolio. Duration of equity is an application of duration analysis and measures BNP Paribas Fortis' interest rate sensitivity. It is measured as the difference between the present value of the future weighted cash flows generated by the assets and the present value of the future weighted cash flows from the liabilities. The duration of equity is an overall indicator of the mismatch in duration of assets and liabilities. BNP Paribas Fortis has a positive duration in equity. This means that an increase in interest rates leads to a decrease in value for the Bank.

Interest rate sensitivity of the fair value of equity - This approach consists of applying +/- 100bp and +/- 200bp to the fair value of an instrument or portfolio.

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

The choice of indicators and risk modelling and the production of indicators are subject to control by independent and dedicated Risk teams. The results of these controls are presented regularly to specialist committees and once a year to the Board of Directors.

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

Risk limits

For the customer Banking books, overall interest rate risk for Retail Banking entities is subject to a primary limit, based on the sensitivity of revenues to changes in interest rates over the next 12 months. The limit is based on recurring revenues, in order to control uncertainty about future fluctuations in revenues caused by changes in interest rates. The specialised financing subsidiaries are exposed to very low levels of interest rate risk, considering the centralisation of risks at ALM & Treasury level. The residual risk is controlled by technical interest rate gap limits, which are monitored by the ALM committee of the relevant Business Line.

Sensitivity of the value of Banking books

Since the books of financial instruments resulting from Banking activities are not intended to be sold, they are not managed on the basis of their fair value.

The sensitivity analysis takes into account all future cash flows generated by transactions outstanding at the reporting date, irrespective of maturity. The sensitivity data take account of the replication portfolios and models used to generate theoretical maturities, especially on the Bank's equity.

The sensitivity of the value of Banking intermediation books to an instantaneous change of one basis point in interest rates was an increase in value in the event of a fall and a decrease in value in the event of a rise of approximately EUR 16.2 million at 31 December 2013, compared with EUR 10.6 million at 31 December 2012.

Interest rate sensitivity of the value of the Banking books:

						31 December 2013
In thousands of euros	**Less than 3 months**	**3 to 12 months**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**	**TOTAL**
EUR	86	(259)	146	(3,313)	(12,037)	(15,377)
USD	9	8	74	(165)	(3)	(77)
GBP	8	(47)	(62)	(43)	(2)	(146)
Other currencies	10	(54)	(44)	(349)	(154)	(591)
TOTAL	**113**	**(352)**	**114**	**(3,870)**	**(12,196)**	**(16,191)**

						31 December 2012
In thousands of euros	**Less than 3 months**	**3 to 12 months**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**	**TOTAL**
EUR	82	(187)	(293)	1,892	(11,388)	(9,894)
USD	13	(4)	(143)	(113)	(42)	(289)
GBP	1		6	(1)	(1)	5
Other currencies	5	10	(30)	(306)	(144)	(465)
TOTAL	**101**	**(181)**	**(460)**	**1,472**	**(11,575)**	**(10,643)**

Hedging of interest rate and currency risks

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

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

Global interest rate risk

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

These hedging strategies are defined and implemented for each portfolio and currency.

Due to the different production pace in liabilities versus assets, the structural interest rate hedges put in place by the Bank in 2013 are based mainly on a fixed-rate lender strategy. Interest rate risk is mitigated using a range of different instruments, the most important of which are derivatives - primarily interest rate swaps and options. Interest rate swaps are used to change the linear risk profile mainly caused by long-term assets and liabilities. Options are used to reduce the non-linear risk, which is mainly caused by embedded options sold to clients, e.g. caps and prepayment options on mortgages**.**

Structural currency risk

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

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

A similar hedging relationship is set up to hedge the currency risk on net foreign currency assets of branches and consolidated subsidiaries. Fair value hedges are used to hedge the currency risk on equity investments in non-consolidated companies. No hedging relationship was disqualified from hedge accounting in 2013.

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

Fair value hedges of interest rate risks relate either to specified fixed-rate assets or liabilities, or to portfolios of fixed-rate assets or liabilities. Derivatives are contracted to reduce the exposure of the fair value of these assets or liabilities to changes in interest rates. Identified assets consist mainly of available-for-sale securities. Hedges of portfolios of financial assets and liabilities relate to fixed-rate mortgages, fixed-rated debt issues demand deposits and loans.

To identify the hedged amount, the residual balance of the hedged item is split into maturity bands, and a separate amount is designated for each band. The maturity split is determined on the basis of the contractual terms of the transactions and historical observations of customer behaviour (prepayment assumptions and estimated default rates). No hedging relationship was disqualified from hedge accounting in 2013.

For each hedging relationship, expected hedge effectiveness is measured prospectively and retrospectively.

Cash Flow Hedge

In terms of interest rate risk, the Bank uses derivative instruments to hedge fluctuations in income and expenses arising on floating-rate assets and liabilities. Highly probable forecast transactions are also hedged. Hedged items are split into maturity bands. After taken into account prepayment assumptions, the Bank uses derivatives to hedge some or all of the risk exposure generated by these floating-rate assets or liabilities. Identified assets consist mainly of available-for-sale securities. Hedges of portfolios of financial assets and liabilities relate to Bank loans and deposits, term deposits and future loans.

In the year ending 31 December 2013, no hedges of forecast transactions were re-qualified as ineligible for hedge accounting on the grounds that the related future event was no longer highly probable.

4.f Operational risk

Risk management framework

Regulatory framework

BNP Paribas Fortis has opted for an all-embracing, single, operational risk management framework for the entire bank, which complies with the Basel II criteria laid down in the Advanced Measurement Approach ('AMA'). This approach supports the organisation by offering better management of risk through heightened operational risk awareness. It ensures effective measurement and monitoring of the operational risk profile and an adequate level of own fund requirements.

Since March 2012, BNP Paribas Fortis is authorised by the regulators to align its AMA operational risk management framework with the BNP Paribas Group's framework.

Key players and governance

An appropriate risk management structure has been created around a model with three levels of defence, which places the primary responsibility for operational risk management and mitigation with the businesses. The role of second line of defence is assumed by the risk management functions. Their role is to ensure that the operational risk management framework is properly embedded, that the operational risks that are identified, assessed, measured and managed reflect the true risk profile and that the resulting levels of own funds are adequate. The third line of defence is provided by the General Inspection (internal audit), which provides assurance that risk structures and policies are being properly implemented.

The main governance bodies for the areas of Operational Risk & Internal Control are the Internal Control Committees (ICCs). BNP Paribas Fortis has four ICCs, each chaired by a member of the Executive Committee. In addition, there is also an ICC at the level of the Executive Committee.

The role of the ICCs covers the management of the operational permanent control framework and the management of operational risks and risks of non-compliance. Operational risks and risks of non-compliance include reputational risk, fraud risk, financial reporting risk, tax risk, legal risk, risk of not complying with laws, regulations and policies, operational risks related to people, processes, systems and the external environment and business risk. The role of the ICCs includes, but is not limited to:

- creating an organised overall view of the operational permanent control framework and the management of BNP Paribas Fortis operational risks and risks of non-compliance
- analysing and taking decisions on these subjects
- providing a level of warning, alert and escalation for any weaknesses observed
- demonstrating and evidencing the involvement of the Executive Board and Executive Committee in the management of these issues and the follow up of actions undertaken.

The objective of the ICCs is to allow the businesses and functions to signal the most significant operational risks, risks of non-compliance and weaknesses in the permanent control environment, highlight the associated action plan, and provide an overview of the status of measures taken.

The Advanced Measurement Approach for Operational Risk Management

A framework encompassing the four elements is required for an Advanced Measurement Approach:

- Loss data collection ('Historical Incidents') is the first building block of the operational risk management framework. Operational losses that occur throughout the organisation are systematically collected in a central database.

- BNP Paribas Fortis supplements this internal loss data with external loss data sources, using both consortium and public databases to supplement its internal loss database for risk analysis.

- A third element of the framework consists of forward-looking risk assessments ('Potential Incidents'), which serve to draw up the Bank's risk profile and are used as primary input for calculating capital requirements. Potential Incidents (PIs) provide an insight into operational risks of different natures:

  - Those risks that are closely related to the internal organisation and control environment. These risk events, despite the fact they may occur frequently, have a rather low impact on the organisation.

  - More systemic or low frequency-high impact operational risks. This captures the operational risks to which the organisation is subject due to the type of activities in which it engages and the business environment in which it operates.

  Potential Incidents are conducted within each Business and support Function and result in a description of the identified risks, an analysis of the causal drivers of these risks and a description and assessment of the control environment. Lastly, the residual risk exposure is quantified.

- Operational risk triggers (key risk indicators or key performance indicators) are followed up to provide alerts on apparent changes in the operational risk profile due to internal or business environment factors.

Calculation of own funds requirements

BNP Paribas Fortis applies the most advanced methods to determine – for the material elements of its activities - the required levels of own funds against operational risks. These methods are compliant with the Advanced Measurements Approach (AMA). The Basic Indicator Approach or the Standardised Approach are used for smaller and non-material parts of the activities.

Operational Control and Mitigation

BNP Paribas Fortis has a variety of tools to control and mitigate operational risk. Potential Incidents, Historical Incidents and key risk indicator movements enable the formalisation of actions to further control operational risks. These actions often relate to organisational and process contexts. Centrally coordinated operational risk mitigation techniques include business continuity management, information security measures, insurance and a governance structure to decide on exceptional transactions and new activities via the Exceptional Transactions Committees and New Activities Committees.

4.g Compliance and reputational risk

Compliance mission

The overall mission of Compliance is to provide reasonable assurance of the consistency and effectiveness of the BNP Paribas Fortis permanent control system and the compliance of its activities and to safeguard the Bank's reputation through advice, oversight and independent controls.

Compliance, as a second line of defence, has a dual role:

The first role consists of supervision of the effective management of compliance risk. This involves policy-setting, providing advice, performing controls, providing assurance that the bank complies with rules and regulations and raising the awareness of colleagues of the need to follow key compliance principles:

- Financial security: anti-money laundering, combatting corruption and the financing of terrorism, financial sanctions and disclosure to financial intelligence units
- Customer Protection: includes appropriateness of products and services offered to clients and any conflicts of interest
- Employee integrity: includes codes of conduct, gifts policy, conflicts of interest and a personal transactions policy
- Market abuse: market integrity, conflicts of interest.

The Compliance department sets policies and gives binding advice in these areas. In the event of any contention, advice from Compliance may be escalated to a higher level until consensus is found, so as to ensure appropriate issue resolution.

The second role of Compliance relates to the oversight of the permanent control framework. In this area, Oversight of Operational Permanent Controls (2OPC), which is part of Compliance, coordinates and supervises the functioning of the general control framework.

Compliance organisational set-up

As required by Belgian regulations, the Compliance function is an independent control function reporting to the Chief Executive Officer. Compliance has direct, independent access to the Board's Audit, Risk and Compliance Committee and is a permanent invitee to the Committee. The Chief Compliance Officer is a member of the Bank's Executive Committee.

Compliance is part of a Group-wide function steered from Paris, which is responsible for overseeing and supervising all compliance matters. The Chief Compliance Officer at BNP Paribas Fortis has a strong dotted line to the Group-wide Chief Compliance Officer, ensuring local application of the Group Compliance policies.

Basic principles

Management of compliance and reputational risks is based on the following fundamental principles:

- Individual responsibility: compliance is everyone's responsibility, not solely the responsibility of the Compliance department.
- Exhaustive and comprehensive approach: the scope of compliance extends to all banking activities. In this respect, the Compliance department has unrestricted access to all required information.
- Independence: Compliance colleagues exercise their mission in a context which guarantees their independence of action and thought.
- Primacy of Group policies over local policies as far as is consistent with local law.

4.h Liquidity and refinancing risk

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

Liquidity and refinancing risk is managed through a general liquidity policy approved by the BNP Paribas Fortis Executive Board. This policy is based on management principles designed to apply both in normal conditions and in a liquidity crisis. The liquidity policy of BNP Paribas Fortis is fully aligned with BNP Paribas Group liquidity policy. The Bank's liquidity position is assessed on the basis of internal standards and regulatory ratios.

4.h.1 Liquidity risk management policy

Policy objectives

The objectives of BNP Paribas Fortis' liquidity risk management policy are (i) to secure a balanced financing mix to support BNP Paribas Fortis' development strategy; (ii) to ensure that BNP Paribas Fortis is always in a position to discharge its obligations to its customers; (iii) to comply with the standards set by the local banking supervisor; (iv) to keep the cost of refinancing as low as possible; and (v) to cope with any liquidity crises.

Roles and responsibilities in liquidity risk management

The Bank ALCO sets the general liquidity risk management policy, including risk measurement principles, acceptable risk levels and the internal billing system. It submits its decisions to the Executive Board for final approval. Responsibility for monitoring and implementation has been delegated to the ALM & Treasury department. The Audit, Risk and Compliance Committee (ARCC) reports to the Board of Directors on liquidity policy principles and the Bank's position.

The Bank ALCO is informed on a regular basis of liquidity indicators, results of stress tests, and the execution of financing programmes. It is also informed of any crisis situation, and is responsible for deciding on the allocation of crisis management roles and approving emergency plans.

After approval by the Bank ALCO, the ALM & Treasury department is responsible for implementing the policy at both central and individual entity level. It is also owner of the systems used to manage liquidity risk.

The Business Line and Entity ALCOs implement at local level the strategy approved by the Bank ALCO.

Group Risk Management (GRM) contributes to defining liquidity policy principles. It also provides second-line control by validating the models, risk indicators (including liquidity stress tests), limits and market parameters used. The BNP Paribas Fortis CRO is a member of the Bank ALCO and the Executive Board.

Centralised liquidity risk management

Liquidity risk is managed centrally by ALM & Treasury across all maturities and currencies. ALM & Treasury is tasked with providing financing to the Bank's Core Businesses and Business Lines, and investing their surplus cash. The Treasury unit is responsible for short-term refinancing, including short-term issues (certificates of deposit, commercial paper, etc.), while the ALM unit is responsible for senior and subordinated debt issues (MTNs, bonds, medium/long-term deposits, etc.), preference share issues, covered bonds and loan securitisation programmes for the Retail Banking business and the financing Business Lines at the Corporate and Investment Banking division.

4.h.2 Liquidity risk management and supervision

Day-to-day liquidity management is based on a full range of internal information tools and standards that provide cash flow gap information at various maturities and for various currencies.

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

BNP Paribas Fortis measures daily the diversification of its sources of short-term funds to ensure that it is not over-dependent on a limited number of providers of funding.

Medium- and long-term liquidity management is based mainly on an analysis of the medium- and long-term sources of funds available to finance assets with the same maturity. BNP Paribas Fortis' consolidated liquidity position is measured regularly by maturity, by Business Line and by currency.

In addition, severe liquidity stress tests are performed, based on market factors and factors specific to BNP Paribas Fortis or BNP Paribas, which could adversely affect the liquidity position.

Regulatory observation ratios represent the final plank in the liquidity risk management system. These include the 1-week and 1-month liquidity observation ratios, which are calculated monthly on a statutory and consolidated basis. BNP Paribas Fortis complies with these binding observation ratios both at a statutory and consolidated level. Foreign subsidiaries and branches may be required to comply with local regulatory ratios.

4.h.3 Risk mitigation techniques

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

Less liquid assets may be converted into liquid assets or collateralised as part of the day-to-day management of liquidity, by securitising pools of mortgage or consumer loans granted to Retail banking customers and also pools of Corporate loans.

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

Hedging strategies

The Bank has continued its policy of diversifying its sources of financing in terms of investors, currencies and collateralised financing. As of 2013, it created a 'Wholesale deposit line' and a 'Corporate deposit line'. The 'Wholesale deposit line' is a sales unit within the Treasury department that targets the institutional investor base while the 'Corporate deposit line' is a sales unit within the CIB department that targets the corporate investor base. Both deposit lines contribute to the diversification of funding sources. The Bank further continues to attract funding through commercial paper and certificate of deposit programmes in several countries.

BNP Paribas Fortis liquidity remained solid with customer deposits standing at EUR 161 billion and customers loans at EUR 153 billion. Customer deposits consist of due to customers excluding repurchase agreements and customer loans are loans and receivables due from customers excluding securities classified as loans and receivables and reverse repurchase agreements.

Senior debt

In 2013, BNP Paribas Fortis Retail customers bought a total of EUR 0.775 billion worth of senior debt issued in various currencies.

5 Notes to the balance sheet at 31 December 2013

5.a Financial assets, financial liabilities and derivatives at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss consist of trading book transactions and certain assets and liabilities designated by BNP Paribas Fortis as at fair value through profit or loss at the time of acquisition or issue.

Financial assets

Trading book assets include proprietary securities transactions, reverse repurchase agreements and derivative instruments contracted for position management purposes.

Assets designated as at fair value through profit or loss include assets with embedded derivatives that have not been separated from the host contract and also assets designated as at fair value through profit or loss under the fair value option in order to avoid an accounting mismatch.

Financial liabilities

Trading book liabilities comprise securities borrowing and short-selling transactions, repurchase agreements and derivative instruments contracted for position management purposes.

Financial liabilities at fair value through profit or loss mainly comprise issues originated and structured on behalf of customers, where the risk exposure is managed in combination with the hedging strategy. These types of issues contain significant embedded derivatives, whose changes in fair value are counterbalanced by changes in the fair value of the economic hedging instrument.

	31 December 2013			31 December 2012		
In millions of euros	Trading book	Assets designated at fair value through profit or loss	TOTAL	Trading book	Assets designated at fair value through profit or loss	TOTAL
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Securities portfolio	**3,145**	**663**	**3,808**	**2,185**	**662**	**2,847**
Treasury bills and government bonds	1,874		1,874	1,228		1,228
Other fixed-income securities	1,115	3	1,118	765	9	774
Equities and other variable-income securities	156	660	816	192	653	845
Loans and repurchase agreements	**5,804**	**1,700**	**7,504**	**6,657**	**1,906**	**8,563**
Loans	22	1,700	1,722	208	1,906	2,114
Repurchase agreements	5,782		5,782	6,449		6,449
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**8,949**	**2,363**	**11,312**	**8,842**	**2,568**	**11,410**
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS						
Securities portfolio	**1,843**		**1,843**	**335**		**335**
Borrowings and repurchase agreements	**9,538**	**402**	**9,940**	**4,899**	**551**	**5,450**
Borrowings		402	402	31	551	582
Repurchase agreements	9,538		9,538	4,868		4,868
Debt securities		**4,159**	**4,159**		**4,425**	**4,425**
Subordinated debt		**1,485**	**1,485**		**2,306**	**2,306**
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**11,381**	**6,046**	**17,427**	**5,234**	**7,282**	**12,516**

The decrease in the line 'Subordinated debt' is related to the call of Nitsh I and II loan (nominal amount USD 750 million and EUR 375 million respectively) that occurred during the course of 2013.

Loans measured at fair value through profit or loss

BNP Paribas Fortis has designated some financial assets of Commercial and Public Banking Belgium (CPBB) as at fair value through profit or loss. Selected inflation rate-linked credit contracts with governmental counterparties are designated as at fair value through profit or loss, reducing a potential accounting mismatch between the measurement of the interest rate swaps and other derivatives involved and the credits otherwise measured at amortised cost.

The evolution of the fair value of the loans held at fair value through profit or loss is influenced by repayments, by the evolution of the interest rates and by a tightening of the credit spreads.

Some other structured loans and contracts, including derivatives, are also designated as 'Held at fair value through profit or loss', thereby reducing a potential accounting mismatch.

The amortised cost of 'Loans held at fair value through profit or loss' at 31 December 2013 was EUR 1,427 million (2012: EUR 1,528 million).

Borrowings measured at fair value through profit or loss

BNP Paribas Fortis has designated financial liabilities classified in 'Borrowings held at fair value through profit or loss'. In accordance with the defined investment strategies, financial assets and financial liabilities, including derivatives, are aggregated in specific portfolios. These portfolios are managed and their performance is measured and reported on a fair value basis.

The contractual amount to be repaid on **Borrowings from customers** held at fair value through profit or loss is EUR 345 million (2012: EUR 483 million). There is no significant difference between the carrying amount and the nominal value of the Borrowings held at fair value through profit or loss.

The contractual amount to be repaid on **Borrowings from credit institutions** held at fair value through profit or loss is EUR 62 million (2012: EUR 53 million). There is no significant difference between the carrying amount and the nominal value of the loans held at fair value through profit or loss.

Debt securities measured at fair value through profit or loss

BNP Paribas Fortis has designated selected debt certificates with embedded derivatives and corresponding hedging derivatives as 'Held at fair value through profit or loss', thereby reducing a potential accounting mismatch.

The nominal value of debt securities held at fair value through profit or loss was EUR 4,006 million as at 31 December 2013 (2012: EUR 4,333 million), the decrease is mainly due to reimbursements made by BGL BNP Paribas.

The fair value of liabilities held at fair value through profit or loss takes account of the evolution of the interest rates plus any change attributable to the issuer credit risk relating to BNP Paribas Fortis itself, which has been impacted by the global tightening of credit spreads.

The change in fair value of 'Debt securities due to own credit risk' amounts to EUR 59 million cumulatively since inception.

Subordinated debt measured at fair value through profit or loss

Subordinated convertible securities: CASHES

On 19 December 2007, BNP Paribas Fortis issued undated floating rate convertible and subordinated hybrid equity-linked securities (CASHES) with a nominal value of EUR 3 billion, denominated at EUR 250,000 each. Coupons on the securities are payable quarterly, in arrears, at a variable rate of three month Euribor + 2.0%.

For regulatory purposes, the CASHES are treated as part of Tier 1 capital. The CASHES constitute direct and subordinated obligations of BNP Paribas Fortis and Ageas SA/NV jointly and severally as co-obligors.

The CASHES are subordinate to all other loans, subordinated loans and preference shares, but rank senior to ordinary shares. The principal amount of the securities will never be repaid in cash. The sole recourse of the holders of the CASHES securities against any of the co-obligors with respect to the principal amount is equal to the 125,313,283 Ageas SA/NV shares (before the reverse stock split of the Ageas SA/NV shares) that BNP Paribas Fortis has pledged in favour of such debt holders. At inception it was determined that from 19 December 2014 onwards, the bonds will be automatically exchanged for Ageas SA/NV shares if the price of Ageas SA/NV shares is equal to or higher than EUR 359.10 on twenty consecutive stock exchange business days. The CASHES have no maturity date, but may be exchanged for Ageas SA/NV shares at a price of EUR 239.40 per share at the discretion of the holder.

At the time of issuance of the CASHES instrument, Ageas SA/NV and BNP Paribas Fortis agreed a Relative Performance Note (RPN), whose fair value was to neutralise the impact on BNP Paribas Fortis of differences between the value changes in the CASHES and the value changes in the related Ageas SA/NV shares and otherwise affect BNP Paribas Fortis' profit or loss.

In 2009, some conditions of that initial agreement were amended in Avenant (Rider) 3 to the Protocole d'Accord (Memorandum of Agreement) between Ageas SA/NV, the Belgian State and BNP Paribas. It was agreed to leave the RPN in place and to provide an interest payment mechanism between Ageas SA/NV and BNP Paribas Fortis based on the reference amount of the RPN, with quarterly payment of interest from the third quarter of 2009 onwards. The Belgian State has issued a state guarantee on the RPN interest paid by Ageas SA/NV, to the benefit of BNP Paribas Fortis. If Ageas SA/NV were to default on its interest payments in respect of the RPN (and the Belgian State did not elect to make such interest payments in place of Ageas SA/NV), BNP Paribas Fortis would have the option of terminating the RPN. In the case of such a termination, Ageas SA/NV would be required to pay BNP Paribas Fortis the amount due under the RPN (subject to a cap of EUR 2.35 billion).

Depending on movements in the fair value of the CASHES and Ageas SA/NV shares, either Ageas SA/NV or BNP Paribas Fortis will owe an amount to the other party under the RPN. The party owing this reference amount will be required to pay interest on the amount to the other party on a quarterly basis at a rate of Euribor 3 months plus 200 basis points.

At the end of December 2013, the basis for the calculation of the RPN interest payments resulted in an amount due by Ageas SA/NV to BNP Paribas Fortis and will evolve over time in accordance with changes in the fair value of the CASHES instrument and changes in the fair value of the related Ageas SA/NV shares.

From the start of the transaction, BNP Paribas Fortis has treated the liability component of the CASHES instrument, including an embedded derivative, as held at fair value through profit or loss, thus avoiding the separation of the embedded derivative from the host contract.

To avoid volatility in profit or loss due to an accounting mismatch, it was decided in 2007 to treat the related Ageas SA/NV shares and the RPN as 'held at fair value through profit or loss'.

The fair value of the CASHES instrument (liability) and the fair value of the related Ageas SA/NV shares are based on the market prices quoted at the end of the reporting period. As at 31 December 2013, BNP Paribas Fortis calculated the value of the RPN, consistently with the previous years, based on the difference between the change in fair value of the CASHES instrument since inception and the change in the value of the related Ageas SA/NV shares since inception.

The CASHES are reported under the Subordinated debt (HFVPL) heading and the underlying Ageas SA/NV shares are reported under the Equities and other variable-income securities (HFVPL) heading. The RPN is reported as an Equity derivative in the trading book.

At 26 January 2012, Ageas SA/NV and BNP Paribas Fortis announced an agreement on a partial settlement of the Relative Performance Note (RPN) related to the CASHES. The tender offer of the CASHES was successfully closed on Monday 30 January 2012. The acceptance rate reached 63% at an offer price of 47.5%. The tendered securities have been converted into shares.

At 31 December 2013, the liability component of the CASHES was valued at EUR 749 million, the Ageas SA/NV shares at EUR 144 million for a remaining number of 4,643,904 shares and the RPN at EUR 364 million.

Other subordinated liabilities

Other subordinated liabilities include:

- Debt securities denominated in various currencies
- Perpetual loans denominated in various currencies

BNP Paribas Fortis has decided to value selected subordinated liabilities and corresponding hedging derivatives at fair value through profit or loss, thereby reducing an accounting mismatch.

The total nominal value of the subordinated liabilities held at fair value through profit or loss declined to EUR 1,816 million at year-end (Q4 2012: EUR 2,792 million), due to the call of the Nitsh I and II loans with a nominal amount of USD 750 million and EUR 375 million respectively.

The fair value of 'Liabilities held at fair value through profit or loss' takes account of the evolution of the interest rates and of any change attributable to the issuer risk relating to BNP Paribas Fortis itself, which has been impacted by the global tightening of credit spreads.

The change in fair value of these subordinated liabilities (excluding CASHES), which was due to own credit risk, amounts to EUR (38) million cumulatively since inception.

Derivative financial instruments held for trading

The majority of derivative financial instruments held for trading are related to transactions initiated for position management purposes. BNP Paribas Fortis actively trades in derivatives so as to meet the needs of its customers. Transactions include trades in ordinary instruments such as interest rate swaps and structured transactions with exotic pay-offs. The net position is in all cases subject to limits.

Trading book derivative instruments also include derivatives contracted to hedge financial assets or financial liabilities but for which BNP Paribas Fortis has not documented a hedging relationship and as a consequence are classified as assets or liabilities held at fair value through profit or loss. These derivatives do not qualify for hedge accounting under IFRS. 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.

	31 December 2013		31 December 2012	
In millions of euros	**Positive market value**	**Negative market value**	**Positive market value**	**Negative market value**
Currency derivatives	766	731	743	742
Interest rate derivatives	5,861	3,931	20,872	17,265
Equity derivatives	443	73	354	231
Credit derivatives	24	14	55	22
Other derivatives	1		45	43
Trading book derivatives	**7,095**	**4,749**	**22,069**	**18,303**

During 2013, BNP Paribas Fortis took steps to further reduce and optimise the size of its balance sheet.

A dedicated transactions project made it possible to significantly reduce the fair values of the derivatives as reported on the balance sheet. The aim of the project is to have BNP Paribas as the single counterparty for all external derivatives transactions. The project contained a novation phase, whereby all external deals are replaced by back-to-back deals with BNP Paribas, and a compression phase, whereby deals are terminated early and replaced by new deals with the same interest rate risk sensitivity but different expected future cash flows and lower fair values.

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 BNP Paribas Fortis activities in financial instruments markets, and do not reflect the market risks associated with such instruments.

In millions of euros	31 December 2013	31 December 2012
Trading book derivatives	**1,276,443**	**1,619,179**
Currency derivatives	65,021	64,414
Interest rate derivatives	1,207,701	1,550,607
Equity derivatives	2,140	2,492
Credit derivatives	1,471	1,545
Other derivatives	110	121

5.b Derivatives used for hedging purposes

Derivatives held for hedging purposes are related to fair value hedges and cash flow hedges. BNP Paribas Fortis uses derivatives, mainly interest rate swaps, for hedging purposes in the management of its own asset and liability portfolios and structural positions. This enables BNP Paribas Fortis to mitigate the market risk which would otherwise arise from structural imbalances in the maturity and other profiles of its assets and liabilities.

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

	31 December 2013		31 December 2012	
In millions of euros	Positive fair value	Negative fair value	Positive fair value	Negative fair value
FAIR VALUE HEDGES OF NON-DERIVATIVE FINANCIAL INSTRUMENTS	**831**	**2,000**	**1,016**	**2,747**
Currency derivatives				24
Interest rate derivatives	831	2,000	1,016	2,723
Other derivatives				
CASH FLOW HEDGES OF NON-DERIVATIVE FINANCIAL INSTRUMENTS	**415**	**78**	**349**	**89**
Currency derivatives	20	10	16	7
Interest rate derivatives	395	68	333	82
Other derivatives				
NET FOREIGN INVESTMENT HEDGES				
Currency derivatives				
DERIVATIVES USED FOR HEDGING PURPOSES	**1,246**	**2,078**	**1,365**	**2,836**

The total notional amount of derivatives used for hedging purposes stood at EUR 84,658 million at year-end 2013 compared to EUR 50,952 million at 31 December 2012, , the increase is mainly due to the fact that in 2013 BNP Paribas Fortis had more portfolio fair value hedges related to the saving accounts.

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

Cash Flow hedging derivatives

BNPP Fortis is exposed to variability in future cash flows on assets and liabilities which are not classified as trading positions. Financial instruments are designated as cash flow hedges in order to reduce the Bank's cash flow exposure resulting from variable cash flows on the hedged items. The amounts and timing of the cash flows of the assets and liabilities are estimated based on contractual terms and factors such as prepayment rates and defaults. The bank enters into Cash Flow Hedges using Volatility Swaps, Inflation Swaps, Constant Maturity Swaps, Cross Currency Swaps and Interest Rate Derivatives in order to protect itself against fluctuations in interest rates and foreign exchange rates.

Amounts shown in the table represent by time bucket, the notional amounts of Assets and Liabilities subject to forecast cash flows designated as hedged items in cash flow hedge accounting relationships.

	31 December 2013	
In millions of euros	**Assets**	**Liabilities**
Less than 1 year	1,883	12
1 to 3 years	3,585	578
3 to 5 years	4,309	
More than 5 years	421	

5.c Available-for-sale financial assets

	31 December 2013			31 December 2012		
In millions of euros	**Net**	**of which provisions for impairments recognised in the profit and loss account**	**of which changes in value recognized directly in equity**	**Net**	**of which provisions for impairments recognised in the profit and loss account**	**of which changes in value recognized directly in equity**
Fixed-income securities	**32,323**	**(28)**	**552**	**34,440**	**(37)**	**649**
Treasury bills and Government bonds	25,065		506	26,810		711
Other fixed-income securities	7,258	(28)	45	7,630	(37)	(62)
Variable-income securities	**573**	**(454)**	**127**	**1,042**	**(473)**	**123**
Listed securities	35	(13)	10	34	(18)	8
Unlisted securities	538	(440)	117	1,008	(455)	115
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**32,896**	**(482)**	**679**	**35,482**	**(510)**	**772**

BNP Paribas Fortis has deployed investment strategies under which micro fair value hedge accounting is applied. The general objective of these strategies is to take a medium or long-term investment position on the spread between a bond yield and the swap rate over a certain period. The interest rate swap associated with the bond is designated to hedge the underlying bond against adverse changes in the interest rate. The hedged risk is interest rate risk. Credit risk is currently not being hedged. The principal hedged items relate to regional, corporate and structured bonds.

Changes in the fair value of the bonds which are attributable to the hedged interest rate risk are included in the lines 'Treasury bills and Government bonds' and 'Other fixed-income securities'.

As required by the hedge accounting principles, valuations of interest rate swaps and bonds are recognised at fair value in the income statement.

The difference between the fair value and the carrying value of the hedged bonds at designation of the hedging is reversed amortised over the remaining life of the hedged item and is also reported in the lines 'Treasury bills and Government bonds' and 'Other fixed-income securities' in the balance sheet.

BNP Paribas Fortis also applies micro cash flow hedges in order to hedge exposure to the variability in cash flows resulting from floating rate bonds in available-for-sale portfolios. BNP Paribas Fortis has designated interest rate swaps and volatility swaps as hedging instruments. A volatility swap is a forward contract that allows investors to trade the future volatility of a specified underlying instrument.

Changes in the fair value of the hedging instruments used for cash flow hedging are recognised in equity under 'Changes in assets and liabilities recognised directly in equity – derivatives used for hedging purposes'. Any hedge ineffectiveness is immediately recognised in the income statement.

BNP Paribas Fortis hedges the acquisition cost or net asset value of some consolidated participations against exchange rate fluctuations. For these hedging relationships, BNP Paribas Fortis has designated foreign currency borrowing contracts as hedging instruments.

	31 December 2013			31 December 2012		
In millions of euros	**Fixed-income securities**	**Equity and other variable-income securities**	**Total**	**Fixed-income securities**	**Equity and other variable-income securities**	**Total**
Changes in value of securities recognised in 'available-for-sale financial assets'	**552**	**127**	**679**	**649**	**123**	**772**
Deferred tax linked to these changes in value	(22)	(5)	(27)	(7)	(4)	(11)
Group share of changes in value of available-for-sale securities owned by associates, after deferred tax and insurance policyholders' surplus reserve	312	83	395	418	30	448
Unamortised changes in value of available-for-sale securities reclassified as loans and receivables	(507)		(507)	(683)		(683)
Other variations				4		4
Changes in value of assets taken directly to equity under the heading 'Financial assets available for sale and reclassified loans and receivables'	**335**	**205**	**540**	**381**	**149**	**530**
Attributable to equity shareholders	307	195	502	353	141	494
Attributable to minority interests	28	10	38	28	8	36

5.d Measurement of the fair value of financial instruments

Valuation process

BNP Paribas Fortis follows the fundamental principle that it should have a unique, integrated processing chain for producing and controlling the valuations of financial instruments that are used for the purpose of daily risk management and financial reporting. All these processes are based on a common economic valuation, which is a core component of business decisions and risk management strategies.

Economic value is composed of mid-market value and additional valuation adjustments.

Mid-market value is derived from external data or valuation techniques that maximise the use of observable and market-based data. Mid-market value is a theoretical additive value which does not take account of i) the direction of the transaction or its impact on the existing risks in the portfolio, ii) the nature of the counterparties, and iii) the aversion of a market participant to particular risks inherent in the instrument, the market in which it is traded, or the risk management strategy.

Additional valuation adjustments take into account valuation uncertainty and include market and credit risk premiums to reflect costs that could be incurred upon transacting in the principal market. These valuation adjustments are added to the mid-market value in order to obtain the economic value. Funding assumptions are an integral part of the mid-market valuation through the use of the appropriate discount rate. This takes into account inter alia the existence and terms of any collateral agreement and the effective funding conditions of the instrument.

Fair value generally equals the economic value, subject to limited additional adjustments such as own credit adjustments, which are specifically required by IFRS standards.

The main valuation adjustments are presented in the section below.

Additional Valuation adjustments

Additional valuation adjustments applied by BNP Paribas Fortis in order to determine fair values are as follows:

Bid/offer adjustments: the bid/offer range reflects the additional exit cost of a price taker and symmetrically the compensation sought by dealers to bear the risk of holding the position or closing it out by accepting another dealer's price.

BNP Paribas Fortis assumes that the best estimate of an exit price is the bid or offer price, unless there is evidence that another point in the bid/offer range would provide a more representative exit price.

Input uncertainty adjustments: when the observation of prices or data inputs required by valuation techniques is difficult or irregular, an uncertainty exists on the exit price. There are several ways to gauge the degree of uncertainty on the exit price such as measuring the dispersion of the available price indications or estimating the possible ranges of the inputs to a valuation technique.

Model uncertainty adjustments: these relate to situations where valuation uncertainty is due to the valuation technique used, even though observable inputs might be available. This situation arises when the risks inherent in the instruments are different from those available in the observable data, and therefore the valuation technique involves assumptions that cannot be easily corroborated.

Credit valuation adjustment (CVA): the CVA adjustment applies to valuations and market quotations whereby the creditworthiness of the counterparty is not reflected. It aims to account for the possibility that the counterparty may default and that BNP Paribas Fortis may not receive the full fair value of the transactions.

In determining the cost of exiting or transferring counterparty risk exposures, the relevant market is deemed to be an inter-dealer market. However, the observation of CVA remains judgemental due to i) the absence or lack of price discovery on the inter-dealer market, ii) the influence of the regulatory landscape relating to counterparty risk on the market participants' pricing behaviour and iii) the absence of a dominant business model for managing counterparty risk.

The CVA model is grounded on the same exposures used for regulatory purposes. The model attempts to estimate the cost of an optimal risk management strategy based on i) the implicit incentives and constraints inherent in the regulations in force and their evolution, ii) market perception of the probability of default and iii) default parameters used for regulatory purposes.

Own-credit valuation adjustment for debts (OCA) and for derivatives - debit valuation adjustment (DVA): OCA and DVA are adjustments reflecting the effect of creditworthiness of BNP Paribas Fortis, on respectively the value of debt securities designated at fair value through profit or loss and derivatives. Both adjustments are based on the expected future liability profiles of such instruments. The own creditworthiness is inferred from the market-based observation of the relevant bond issuance levels.

Thus, the carrying value of liabilities designated as at fair value though profit or loss had increased by EUR 21 million at 31 December 2013 due to the impact of the own credit risk, compared with a reduction in value of EUR (74) million at 31 December 2012, i.e. a EUR 95 million variance recognised in net gains/loss on financial instruments at fair value through profit or loss (note 2.c).

Similarly, the fair value of derivative instruments on the liabilities side of the balance sheet is reduced by EUR (23) million at 31 December 2013, and this adjustment is recognised in the same profit or loss line item.

Instrument classes and classification within the fair value hierarchy for assets and liabilities measured at fair value

As explained in the summary of significant accounting policies, financial instruments measured at fair value are categorised into a fair value hierarchy consisting of three levels.

The disaggregation of assets and liabilities into risk classes is meant to provide further insight into the nature of the instruments.

For derivatives, fair values are broken down by dominant risk factors, namely interest rates, foreign exchange, credit and equity. Derivatives used for hedging purposes are mainly interest rate derivatives.

	31 December 2013											
	Trading book				Instruments designated at faire value through profit or loss				Available for sale assets			
In millions of euros	**Level 1**	**Level 2**	**Level 3**	**TOTAL**	**Level 1**	**Level 2**	**Level 3**	**TOTAL**	**Level 1**	**Level 2**	**Level 3**	**TOTAL**
Securities portfolio	**2,334**	**809**	**2**	**3,145**	**145**	**82**	**436**	**663**	**25,276**	**7,085**	**535**	**32,896**
Treasury bills and government bonds	1,699	175		1,874					21,347	3,718		25,065
Asset Backed Securities (ABS)		37		37								
CDO / CLO		*1*		*1*								
Other Asset Backed Securities		*36*		*36*								
Other fixed-income securities	479	597	2	1,078		3		3	3,894	3,364		7,258
Equities and other variable-income securities	156			156	145	79	436	660	35	3	535	573
Loans and repurchase agreements		**5,157**	**647**	**5,804**		**1,700**		**1,700**				
Loans		22		22		1,700		1,700				
Repurchase agreements		5,135	647	5,782								
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**2,334**	**5,966**	**649**	**8,949**	**145**	**1,782**	**436**	**2,363**	**25,276**	**7,085**	**535**	**32,896**
Securities portfolio	**1,792**	**51**		**1,843**								
Treasury bills and government bonds												
Other fixed-income securities	1,792	28		1,820								
Equities and other variable-income securities		23		23								
Borrowings and repurchase agreements		**9,288**	**250**	**9,538**		**402**		**402**				
Borrowings						402		402				
Repurchase agreements		9,288	250	9,538								
Debt securities (note 5.g)						**3,973**	**186**	**4,159**				
Subordinated debt (note 5.g)						**1,475**	**10**	**1,485**				
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**1,792**	**9,339**	**250**	**11,381**		**5,850**	**196**	**6,046**				

	31 December 2012											
	Trading book				Instruments designated at faire value through profit or loss				Available for sale assets			
In millions of euros	**Level 1**	**Level 2**	**Level 3**	**TOTAL**	**Level 1**	**Level 2**	**Level 3**	**TOTAL**	**Level 1**	**Level 2**	**Level 3**	**TOTAL**
Securities portfolio	**1,452**	**733**		**2,185**	**106**	**82**	**474**	**662**	**27,571**	**6,905**	**1,006**	**35,482**
Treasury bills and government bonds	637	591		1,228					22,831	3,979		26,810
Asset Backed Securities (ABS)		2		2								
CDO / CLO												
Other Asset Backed Securities		2		2								
Other fixed-income securities	623	140		763		9		9	4,707	2,923		7,630
Equities and other variable-income securities	192			192	106	73	474	653	33	3	1,006	1,042
Loans and repurchase agreements		**6,325**	**332**	**6,657**		**1,906**		**1,906**				
Loans		208		208		1,906		1,906				
Repurchase agreements		6,117	332	6,449								
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**1,452**	**7,058**	**332**	**8,842**	**106**	**1,988**	**474**	**2,568**	**27,571**	**6,905**	**1,006**	**35,482**
Securities portfolio	**218**	**117**		**335**								
Treasury bills and government bonds												
Other fixed-income securities	218	112		330								
Equities and other variable-income securities		5		5								
Borrowings and repurchase agreements		**4,549**	**350**	**4,899**		**551**		**551**				
Borrowings		31		31		551		551				
Repurchase agreements		4,518	350	4,868								
Debt securities (note 5.g)					**170**	**4,237**	**18**	**4,425**				
Subordinated debt (note 5.g)					**65**	**2,241**		**2,306**				
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**218**	**4,666**	**350**	**5,234**	**235**	**7,029**	**18**	**7,282**				

In millions of euros	31 December 2013							
	Positive market value				Negative market value			
	Level 1	Level 2	Level 3	TOTAL	Level 1	Level 2	Level 3	TOTAL
Interest rate derivatives		5,688	172	5,861		3,798	133	3,931
Currency derivatives		766		766		731		731
Credit derivatives		23	1	24		9	5	14
Equity derivatives		443		443		73		73
Other derivatives		1		1				
Derivatives financial instruments (excl. hedging derivatives)		**6,921**	**173**	**7,095**		**4,611**	**138**	**4,749**
Derivatives financial instruments, Hedging derivatives		**1,246**		**1,246**		**2,078**		**2,078**

In millions of euros	31 December 2012							
	Positive market value				Negative market value			
	Level 1	Level 2	Level 3	TOTAL	Level 1	Level 2	Level 3	TOTAL
Interest rate derivatives		20,467	405	20,872		17,025	240	17,265
Currency derivatives		743		743		742		742
Credit derivatives		55		55		22		22
Equity derivatives		354		354		231		231
Other derivatives		45		45		43		43
Derivatives financial instruments (excl. hedging derivatives)		**21,664**	**405**	**22,069**		**18,063**	**240**	**18,303**
Derivatives financial instruments, Hedging derivatives		**1,365**		**1,365**		**2,836**		**2,836**

Transfers between levels may occur when an instrument fulfils the criteria defined, which are generally market and product dependent. The main factors influencing transfers are changes in the observation capabilities, passage of time, and events during the transaction lifetime. The timing of recognising transfers is determined at the end of the reporting period.

During 2013, transfers between Level 1 and Level 2 were not significant.

Description of instruments at each level

The following section provides a description of the instruments at each level in the hierarchy. It describes notably instruments classified at Level 3 and the associated valuation methodologies. For main trading book instruments and derivatives classified at Level 3, further quantitative information is provided about the inputs used to derive fair value.

Level 1:

This level encompasses all derivatives and securities that are listed on exchanges or quoted continuously in other active markets.

Level 1 includes notably equity securities and liquid bonds, short selling of these instruments, derivative instruments traded on organised markets (futures, options, etc) and participations in funds, for which the net asset value is calculated on a daily basis.

Level 2:

The Level 2 stock of securities is composed of securities which are less liquid than the Level 1 bonds. They are predominantly government bonds, corporate debt securities, mortgage-backed securities, participations in funds and short-term securities such as certificates of deposit. They are classified at Level 2 notably when external prices for the same security can be regularly observed from a reasonable number of market makers that are active in this security, but these prices do not represent directly tradable prices. This comprises inter alia consensus pricing services with a reasonable number of contributors that are active market makers and indicative runs from active brokers and/or dealers. Other sources such as the primary issuance market, collateral valuation and counterparty collateral valuation matching may also be used where relevant.

Repurchase agreements are classified predominantly at Level 2; and the classification is primarily based on the observability and liquidity of the repo market for each type of collateral.

Debts issued designated at fair value through profit and loss, are classified at the same level as the embedded derivative would be allocated in isolation. Own credit spread is an observable input.

Derivatives: the Level 2 derivatives are composed of the following instruments:

- Vanilla instruments such as interest rates swaps, caps/floors and swaptions, credit default swaps, foreign exchange (FX) forwards and options.

- Structured derivatives such as exotic FX and interest rate options.

Derivatives are classified in the Level 2 category when there is a documented stream of evidence supporting one of the following:

- Fair value is predominantly derived from prices or quotations of other Level 1 and Level 2 instruments, through standard market interpolation or stripping techniques whose results are regularly corroborated by real transactions

- Fair value is derived from other standard techniques such as replication or discounted cash flows that are calibrated to observable prices, that bear limited model risk and enable an effective offset of the risks of the instrument through trading Level 1 or Level 2 instruments

- Fair value is derived from more complex or proprietary valuation techniques but is directly evidenced through regularly back-testing using external market-based data.

Determinating whether an over-the-counter (OTC) derivative is eligible for Level 2 classification, involves judgement. Consideration is given to the origin, transparency and reliability of external data used and the amount of uncertainty associated with the use of models. It follows that the Level 2 classification criteria involve multiple analysis axes within an 'observability zone' whose limits are determined by i) a predetermined list of product categories and ii) the underlying and maturity bands. These criteria are regularly reviewed and updated, together with the applicable valuation adjustments, such that the classification by level remains consistent with the valuation adjustment policy.

Level 3:

This level comprises unlisted securities, repurchase agreements and interest rate derivatives.

Unlisted private equities are classified as Level 3.

Repurchase agreements: mainly long-term or structured repurchase agreements. The valuation of these transactions requires proprietary methodologies, given the bespoke nature of the transactions and the lack of activity and price discovery in the long-term repo market. The curves used in the valuation are corroborated using the available data such as the implied basis of a relevant benchmark bond pool, recent long-term repo trade data and price enquiry data. Valuation adjustments applicable to these exposures are commensurate with the degree of uncertainty inherent to the modelling choices and amount of data available.

I**nterest rate derivatives** are classified at Level 3 when the exposure is beyond the observation zone for rate curves or volatility surfaces, or relates to less liquid markets such as emerging interest rates markets. The valuation technique is standard, and uses external market information and extrapolation techniques. Valuation adjustments for liquidity are taken for main yield and spread positions and specialised by currency and index.

- Vanilla derivatives (such as interest rate swaps and currency rate swaps) are subject to additional valuation adjustments linked to uncertainty on liquidity, specialised by the nature of underlying and liquidity bands.

- Complex derivatives classified at Level 3 comprise inflation derivatives and volatility swaps.

  Volatility swaps involve material model risk, as it is difficult to infer volatility information from the market-traded instruments. The valuation adjustment framework is calibrated to the uncertainty inherent in the product, and to the range of uncertainty from the existing external consensus data.

Inflation derivatives classified at Level 3 mainly comprise swap products on inflation indices that are not associated with a liquid indexed bond market, optional products on inflation indices (such as caps and floors) and other forms of inflation indices involving optionality on the inflation indices or the annual inflation rate. Valuation techniques used for inflation derivatives are predominantly standard market models. Proxy techniques are used for a few limited exposures. Although the valuations are corroborated through monthly consensus data, the products are classified as Level 3 due to the lack of liquidity and some uncertainties inherent in the calibration.

These complex derivatives are subject to specific additional valuation adjustment so as to cover uncertainties linked to liquidity, parameters and model risk.

For the products discussed above, the following table provides the range of values of main unobservable inputs. The ranges displayed correspond to a variety of different underlyings and are meaningful only in the context of the valuation technique implemented by BNP Paribas Fortis. The weighted averages, where relevant and available, are based on fair values, nominal amounts or sensitivities.

Risk classes	Balance Sheet valuation Assets	Balance Sheet valuation Liability	Main product types composing the Level 3 stock within the risk class	Valuation technique used for the product types considered	Main unobservable inputs for the product types considered	Range of unobservable input across Level 3 population considered	Weighted average
Repurchase agreements	647	250	Long-term repo and reverse-repo agreements	Proxy techniques, based amongst other on the funding basis of a benchmark bond pool, that is actively traded and representative of the repo underlying	Long-term repo spread on corporate bonds (High Yield, High Grade) and on ABSs	13bp-83bp	67bp (a)
Interest rate derivatives	172	133	Floors and caps on inflation rate or on the cumulative inflation (such as redemption floors), predominantly on European inflation	Inflation pricing model	Volatility of cumulative inflation	1%-11%	
					Volatility of the year on year inflation rate	0.3%-2.3%	(b)
			Forward Volatility products such as volatility swaps, mainly in euro	Interest rates option pricing model	Forward volatility of interest rates	0.3%-0.8%	(b)

(a) Weights based on relevant risk axis at portfolio level

(b) No weighting since no explicit sensitivity is attributed to these inputs

Movements in Level 3 financial instruments

For Level 3 financial instruments, the following movements occurred between 1 January and 31 December 2013:

							31 December 2013
	Financial Assets				Financial Liabilities		
In millions of euros	Financial instruments at fair value through profit or loss held for trading	Financial instruments designated as at fair value through profit or loss	Available-for-sale financial assets	TOTAL	Financial instruments at fair value through profit or loss held for trading	Financial instruments designated as at fair value through profit or loss	TOTAL
Beginning of the period	**405**	**474**	**1,006**	**1,885**	**240**	**18**	**258**
- purchases	527		16	543			
- issues					79	29	108
- sales		58	(452)	(394)			
- settlements						(15)	(15)
Reclassifications							
Transfers to level 3	123		68	191	180	162	342
Transfers from level 3			(19)	(19)			
Gains or (losses) recognised in income for matured or disrupted operations in the period	(1)		(60)	(61)	(1)	2	1
Gains or (losses) recognised in income for instruments outstanding at the end of the period	(232)	(96)		(328)	(110)		(110)
Changes in fair value of assets and liabilities recognised directly in equity							
- exchange rate movements			(2)	(2)			
- changes in assets and liabilities recognised in equity			(22)	(22)			
Other							
End of the period	**822**	**436**	**535**	**1,793**	**388**	**196**	**584**

Transfers have been reflected as if they had taken place at the end of the reporting period.

The Level 3 financial instruments may be hedged by other Level 1 and 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.

Sensitivity of fair value to reasonably likely changes in level 3 assumptions

The following table summarises those financial assets and financial liabilities classified as Level 3 for which alternative assumptions in one or more of the unobservable inputs would change fair value significantly.

The amounts disclosed are intended to illustrate the range of possible uncertainty inherent in the judgements applied when estimating Level 3 parameters, or when selecting valuation techniques. These amounts reflect valuation uncertainties that prevail at the measurement date, and even though such uncertainties are predominantly derived from the portfolio sensitivities that prevailed at that measurement date, they are not predictive or indicative of future movements in fair value, nor do they represent the effect of market stress on the portfolio value.

In estimating the sensitivities, BNP Paribas Fortis either re-valued the financial instruments using reasonably possible inputs, or applied assumptions based on the additional valuation adjustment policy.

For derivative exposures, the sensitivity measurement is based on the additional credit valuation and the parameter and model uncertainty additional adjustments related to Level 3.

Two scenarios were considered: a favourable scenario where all or a portion of the additional valuation adjustment is not considered by market participants and an unfavourable scenario where market participants would require as much as twice the additional valuation adjustments considered by BNP Paribas Fortis as an inducement to enter into a transaction.

In millions of euros	31 December 2013		31 December 2012	
	Potential impact on income	Potential impact on equity	Potential impact on income	Potential impact on equity
Treasury bills and government bonds				
Asset Backed Securities (ABS)				
CDO / CLO				
Other Asset Backed Securities				
Other fixed-income securities				
Equities and other variable-income securities	+/-4	+/-5	+/-5	+/-10
Loans				
Repurchase agreements	+/-4		+/-4	
Derivative financial instruments	+/-134		+/-200	
Interest rate derivatives	+/-128		+/-200	
Credit derivatives	+/-6			
Equity derivatives				
Other derivatives				
Sensitivity of Level 3 financial instruments	**+/-142**	**+/-5**	**+/-205**	**+/-10**

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 and 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.

The deferred margin not taken to the profit and loss account but contained in the price of the derivatives sold to clients and measured using internal models based on non-observable parameters ('day-one profit') is less than EUR 1 million.

5.e Financial instruments reclassified as loans and receivables

BNP Paribas Fortis has opted to transfer certain financial assets from 'available-for-sale investments', 'financial assets held for trading' and 'other assets' to 'loans and receivables'. The reclassification of these financial assets reflects the change in the intent and ability of BNP Paribas Fortis to hold them in the foreseeable future.

Financial assets that have been reclassified as loans and receivables were initially recognised at their fair value on the date of reclassification, which became their new cost base at that date. Subsequent measurement is at amortised cost.

Financial assets that have been reclassified as loans and receivables relate, to a significant extent, on the one hand to the structured credit instruments (see note 8.g 'Structured Credit Instruments') and on the other hand to part of the sovereign bond portfolio relating to Ireland and Portugal (see note 8.h 'Exposure to sovereign debt risk').

5.f Interbank and money-market items

Loans and receivables due from credit institutions

In millions of euros	31 December 2013	31 December 2012
Demand accounts	2,635	2,356
Loans	16,976	15,974
Repurchase agreements	34	457
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS, BEFORE IMPAIRMENT PROVISIONS	**19,645**	**18,787**
Of which doubtful loans	*276*	*364*
Provisions for impairment of loans and receivables due from credit institutions (Note 2.f)	(185)	(246)
Of which specific provisions	*(171)*	*(235)*
Of which collective provisions	*(14)*	*(11)*
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS, NET OF IMPAIRMENT PROVISIONS	**19,460**	**18,541**

Repurchase agreement activities are partly managed on a trading basis and are included in the column 'trading book' in note 5.a. 'Financial assets, financial liabilities and derivatives at fair value through profit or loss'. However there is still an activity managed on an accrued basis booked under 'due to/from credit institutions' and 'due to/from customers'. This activity has been taken over by the Treasury, department which has now taken sole responsibility for supporting the funding of BNP Paribas Fortis.

In accordance with monetary policy, credit institutions are required to place amounts on deposit with the central banks in the countries where BNP Paribas Fortis operates. The total balance held with central banks and post office accounts amounted to EUR 9,419 million (2012: EUR 10,381 million).

BNP Paribas Fortis has deployed investment strategies under which micro fair value hedge accounting is applied. The general objective of this strategy is to hedge the fair value changes of certain loans in USD concluded with related parties.

Several cross-currency swaps are designated to hedge underlying loans against adverse changes in the interest rate and/or changes in the USD/EUR exchange rate.

As required by hedge accounting principles, changes in the fair value of the cross-currency swaps and those of the loans that are attributable to the hedged interest rate risk or currency risk are both recognised in the line 'Net gain/loss on financial instruments at fair value through profit or loss'.

Due to credit institutions

In millions of euros	31 December 2013	31 December 2012
Demand accounts	2,076	2,444
Borrowings	15,898	20,893
Repurchase agreements	695	426
TOTAL DUE TO CREDIT INSTITUTIONS	**18,669**	**23,763**

Repurchase agreement activities are partly managed on a trading basis and are included in the column 'trading book' in note 5.a. 'Financial assets, financial liabilities and derivatives at fair value through profit or loss'. However there is still an activity managed on an accrued basis booked in 'due to/from credit institutions' and 'due to/from customers'. This activity has been taken over by the Treasury department, which has now taken sole responsibility for supporting the funding of the Bank.

BNP Paribas Fortis has deployed investment strategies under which macro cash flow hedge accounting is applied. The Bank's strategy consists of hedging interest rate exposure of floating rate term deposits by buying and selling interest rate options (caps). As a result, the hedge is assumed on a fluctuation of the interest rate within a predetermined range. The Bank buys interest rate options that protect against a rise in the interest rate. If the interest rate exceeds the strike price the payment received from the derivative can be used to support the interest payment on the deposits for that period. The Bank also sells caps at a higher strike price.

Changes in the fair value of the hedging instruments are recognised in equity under the heading 'Changes in assets and liabilities recognised directly in equity – derivatives used for hedging purposes' in equity. Any hedge ineffectiveness is immediately recognised in the income statement.

5.g Customer items

Loans and receivables due from customers

In millions of euros	31 December 2013	31 December 2012
Demand accounts	3,392	2,094
Loans to customers	149,508	136,263
Repurchase agreements	58	243
Finance leases	11,283	12,773
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS, BEFORE IMPAIRMENT PROVISIONS	**164,241**	**151,373**
Of which doubtful loans	*7,493*	*7,010*
Impairment of loans and receivables due from customers (Note 2.f)	(3,722)	(3,592)
Of which specific provisions	*(3,016)*	*(2,970)*
Of which collective provisions	*(706)*	*(622)*
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS, NET OF IMPAIRMENT PROVISIONS	**160,519**	**147,781**

The increase in 'loans to customers' is mainly explained by the acquisition of specialised finance activities, which is further explained in note 8.b 'Business combinations'.

Repurchase agreement activities are partly managed on a trading basis and are included in the column 'trading book' in note 5.a 'Financial assets, financial liabilities and derivatives at fair value through profit or loss'. However part of the activity is managed on an accrued basis booked in 'due to/from credit institutions' and 'due to/from customers'. This activity has been taken over by the Treasury department, which has now taken sole responsibility for supporting the funding of the Bank.

In addition, BNP Paribas Fortis hedges the interest rate exposure of fixed-rate mortgages and commercial loans on a portfolio basis (macro fair value hedge), by using interest rate swaps. Mortgages and commercial loans included in a portfolio hedge of interest rate risk must share the risk characteristics being hedged.

As a result of the hedge, the volatility of changes in the hedged item's net present value (NPV) of future cash flows, due to changes in the appropriate benchmark interest rate curve, will be reduced by offsetting changes in the fair value of the hedging derivative financial instruments.

The hedging instruments are plain vanilla interest rate swaps transacted at market rates prevailing at the time of the transaction with external counterparties and their changes in fair value are recognised in the income statement.

Changes in the fair value of mortgages and commercial loans which are attributable to the hedged interest rate risk are recorded in the balance sheet under the heading 'Remeasurement adjustment on interest-rate risk hedged portfolios' in order to adjust the carrying amount of the loan.

The difference between the fair value and the carrying value of the hedged mortgages and commercial loans at designation of the hedging is reversed amortised over the remaining life of the hedged item and is also reported in 'Remeasurement adjustment on interest-rate risk hedged portfolios' in the balance sheet.

Through Cash Flow Hedge, BNP Paribas Fortis also hedges on a portfolio basis the cash flows on the future production of commercial loans and mortgages at fixed rate by using constant maturity swaps, swaptions and collars. A constant maturity swap (CMS) is a swap that allows the purchaser to fix the duration of the received flows on a swap.

Constant maturity swaps are transacted at market rates prevailing at the time of the transaction with external counterparties.

BNP Paribas Fortis also applies micro cash flow hedges in order to hedge exposure to the variability in cash flows resulting from an inflation-linked loan granted by Fortis Lease. BNP Paribas Fortis has designated inflation swaps as hedging instruments.

BNPP Fortis has acquired the specialised finance activities from BNP Paribas. The positions in GBP and USD are part of a macro cash flow hedge. The cash flows to be received on these positions are hedged via cross currency swaps.

Changes in the fair value of the hedging instruments are recognised in equity on the line 'Changes in assets and liabilities recognised directly in equity – derivatives used for hedging purposes'. Any hedge ineffectiveness is immediately recognised in the income statement.

Breakdown of finance leases

In millions of euros	31 December 2013	31 December 2012
Gross investment	**12,968**	**14,659**
Receivable within 1 year	4,153	4,866
Receivable after 1 year but within 5 years	6,843	7,699
Receivable beyond 5 years	1,972	2,094
Unearned interest income	**(1,685)**	**(1,886)**
Net investment before impairment provisions	**11,283**	**12,773**
Receivable within 1 year	3,643	4,238
Receivable after 1 year but within 5 years	6,011	6,778
Receivable beyond 5 years	1,629	1,757
Impairment provisions	**(430)**	**(501)**
Net investment after impairment provisions	**10,853**	**12,272**

Due to customers

In millions of euros	31 December 2013	31 December 2012
Demand deposits	59,727	50,648
Term accounts and short-term notes	36,943	34,067
Regulated Belgian savings accounts	64,139	61,489
Repurchase agreements	30	42
TOTAL DUE TO CUSTOMERS	**160,839**	**146,246**

Repurchase agreement activities are partly managed on a trading basis and are included in the column 'trading book' in note 5.a. 'Financial assets, financial liabilities and derivatives at fair value through profit or loss'. However there is still an activity managed on an accrued basis booked under 'due to/from credit institutions' and 'due to/from customers'. This activity has been taken over by the Treasury department, which has now taken sole responsibility for supporting the funding of the Bank.

In addition, BNP Paribas Fortis has also decided to apply macro fair value hedge accounting on demand deposits and savings accounts collected in the Belgian market with BNP Paribas Fortis Retail and Private Banking clients. The Bank's objective is to hedge the interest rate risk on the demand deposits and savings accounts by buying interest rate swaps. The demand deposits and savings accounts are designated as the hedged items and form a portfolio. The hedge relationship is regarded as a macro fair value hedge.

As required by hedge accounting principles, valuations on demand deposits and savings accounts and interest rate swaps are recognised at fair value in the income statement.

5.h Debt securities and subordinated debt

This note covers all debt securities and subordinated debt measured at amortised cost. Debt securities and subordinated debt measured at fair value through profit or loss are presented in note 5.a 'Financial assets, financial liabilities and derivatives at fair value through profit or loss'.

Debt securities measured at amortised cost

In millions of euros	31 December 2013	31 December 2012
Negotiable certificates of deposit and other debt securities	**15,580**	**22,135**
Bond issues	**338**	**269**
TOTAL DEBT SECURITIES	**15,918**	**22,404**

Debt securities and subordinated debt at fair value through profit and loss

In millions of euros	31 December 2013	Amount accepted Tier 1	Amount accepted Tier 2	31 December 2012
Debt securities	4,159			4,425
Subordinated debt	1,485	241	536	2,306

Subordinated debt measured at amortised cost

In millions of euros	31 December 2013	Amount accepted Tier 1	Amount accepted Tier 2	31 December 2012
Redeemable subordinated debt	5,148		3,346	6,393
Undated subordinated debt	1,136	1,000	123	1,143
TOTAL SUBORDINATED DEBT AT AMORTISED COST	**6,284**			**7,536**

Hybrid Tier 1 innovative securities issued directly by BNP Paribas Fortis

In 2004, BNP Paribas Fortis directly issued perpetual hybrid debt securities with a nominal value of EUR 1 billion at an interest rate of 4.625% until 27 October 2014 and the three-month euro reference rate + 1.70% thereafter.

These securities are redeemable in whole, not in part, at the option of the issuer after ten years. The securities benefit from a Support Agreement entered into by Ageas SA/NV.

Other subordinated liabilities

BNP Paribas Fortis hedges the interest rate risk attached to fixed rate subordinated liabilities on a portfolio basis (macro fair value hedge) using interest rate swaps.

Subordinated liabilities with such characteristics form the portfolio of liabilities and are designated as the hedged items. Subordinated liabilities included in a portfolio hedge of interest rate risk must share the risk being hedged. Cash flows are allocated to monthly time buckets based on contractual maturity dates.

Hedging instruments are plain vanilla interest rate swaps transacted at market rates prevailing at the time of the transaction with external counterparties and their changes in value are recognised at fair value in the income statement.

Changes in the fair value of the subordinated liabilities that are attributable to the hedged interest rate risk are recorded in the balance sheet under 'Remeasurement adjustment on interest rate risk hedged portfolios' in order to adjust the carrying amount of the subordinated liabilities.

The difference between the fair value and the carrying value of the hedged subordinated liabilities at the time of hedging is amortised over the remaining life of the hedged item and is reported in the balance sheet under 'Remeasurement adjustment on interest rate risk hedged portfolios'.

5.i Held-to-maturity financial assets

In millions of euros	31 December 2013		31 December 2012	
	Net	of which depreciations	Net	of which depreciations
Treasury bills and government bonds	322		273	
Other fixed-income securities	945		1,212	
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**1,267**		**1,485**	

5.j Current and deferred taxes

In millions of euros	31 December 2013	31 December 2012
Current taxes	193	120
Deferred taxes	3,582	3,730
CURRENT AND DEFERRED TAX ASSETS	**3,775**	**3,850**
Current taxes	240	223
Deferred taxes	552	589
CURRENT AND DEFERRED TAX LIABILITIES	**792**	**812**

Change in deferred taxes over the period:

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012
NET DEFERRED TAXES AT START OF PERIOD	**3,141**	**3,970**
Profit (loss) of deferred taxes (note 2.g)	(216)	237
Change in deferred taxes linked to the remeasurement and reversal through profit or loss of remeasurement adjustments on available-for-sale financial assets	106	(1,346)
Change in deferred taxes linked to the remeasurement and reversal through profit or loss of remeasurement adjustments on hedging derivatives	30	(34)
Change in deferred taxes linked to the recognition of actuarial gains and losses for retirement benefits in non-recyclable OCI	(40)	18
Effect of exchange rate and other movements	9	296
NET DEFERRED TAXES AT END OF PERIOD	**3,030**	**3,141**

Breakdown of deferred taxes by origin:

In millions of euros	31 December 2013	31 December 2012
Available-for-sale financial assets	(414)	(540)
Hedging derivatives	470	662
Unrealised finance lease reserve	(232)	(295)
Provisions for employee benefit obligations	172	187
Provision for credit risk	668	588
Other items	41	1
Tax loss carryforwards	2,325	2,538
NET DEFERRED TAXES	**3,030**	**3,141**
of which		
Deferred tax assets	*3,582*	*3,730*
Deferred tax liabilities	*(552)*	*(589)*

Every year, in order to determine the size of the tax loss carryforwards recognised as assets, BNP Paribas Fortis conducts a specific review for each relevant entity, based on the applicable tax regime – incorporating especially any expiration rules – and a realistic projection of their future revenues and charges in line with their business plan. Tax loss carryforwards not recognised as assets at the end of the year totalled EUR 1,142 million at 31 December 2013 compared with EUR 1,210 million at 31 December 2012.

The net deferred tax assets as at 31 December 2013, the statutory limits on recovery of tax losses and the expected recovery period for the main entities concerned are shown below.

In millions of euros	31 December 2013	Statutory limits on carryforwards	Expected recovery period
BNP Paribas Fortis (excluding branches)	2,796	unlimited	8 years
Esmée	151	unlimited	8 years
Bass	168	unlimited	8 years
US Branch	63	20 years	14 years
Other	404	-	-
TOTAL NET DEFERRED TAX ASSETS	**3,582**		

In millions of euros	31 December 2012	Statutory limits on carryforwards	Expected recovery period
BNP Paribas Fortis (exclusing branches)	3,108	unlimited	10 years
Esmée	82	unlimited	10 years
Bass	157	unlimited	10 years
US Branch	62	20 years	15 years
Other	321	-	-
TOTAL NET DEFERRED TAX ASSETS	**3,730**		

Net deferred tax assets booked by BNP Paribas Fortis amount to EUR 2,801 million, consisting of EUR 2,250 million relating to tax losses carried forward, EUR 111 million relating to temporary differences due to changes in fair value recorded in equity (relating mainly to the Available-for-sale portfolio) and EUR 440 million relating to other temporary differences (inter alia linked to impairments).

Bass and Esmée are BNP Paribas Fortis securitisation vehicles, for which the fair value changes relating to the derivatives hedging the interest rate risk at these entities are fully mirrored in BNP Paribas Fortis. The stock of deferred tax assets in these entities consists of temporary differences deemed to be fully covered by the BNP Paribas Fortis business plan.

5.k Accrued income/expense and other assets/liabilities

In millions of euros	31 December 2013	31 December 2012
Guarantee deposits and bank guarantees paid	1,948	4,515
Settlement accounts related to securities transactions	423	372
Collection accounts	35	42
Accrued income and prepaid expenses	283	361
Other debtors and miscellaneous assets	4,554	4,712
TOTAL ACCRUED INCOME AND OTHER ASSETS	**7,243**	**10,002**
Guarantee deposits received	1,403	4,320
Settlement accounts related to securities transactions	362	227
Collection accounts	44	52
Accrued expenses and deferred income	932	718
Other creditors and miscellaneous liabilities	4,005	2,773
TOTAL ACCRUED INCOME AND OTHER LIABILITIES	**6,746**	**8,090**

Guarantee deposits and bank guarantees paid/received include mainly the margin calls related to the operations on derivatives and repurchase and reverse repurchase agreements.

The line 'Settlement accounts related to securities transactions' contains temporary balancing amounts between trade date and settlement date for purchases and sales of financial assets requiring delivery within the time frame established by regulation or market convention that are recognised on the trade date, i.e. the date when BNP Paribas Fortis becomes a party to the contractual provisions of the instrument. However, the temporary sales of securities and sales of borrowed securities are initially recognised at the settlement date.

5.l Investments in associates and joint ventures

The following table shows BNP Paribas Fortis investments in associates as at 31 December 2013:

In millions of euros	31 December 2013	31 December 2012
AG insurance	1,462	1,600
BNP Paribas Investment Partners S.A.	1,130	1,498
BNP Paribas Lease group	126	148
Cardif Luxembourg Vie	80	74
Fortis Commercial Finance Gmbh		20
Fortis Commercial Finance Ltd		26
Fortis Bank Malta Ltd		(10)
Immob Sauvenière SA	20	20
Cronos Holding Company Ltd	77	63
Alpha Murcia Holding BV	77	77
Other	35	45
INVESTMENTS IN ASSOCIATES	**3,007**	**3,561**

The following table gives statutory financial data of the holding companies of BNP Paribas Fortis main associates:

In millions of euros	Country	Total Assets	Net revenue	Net income
BNP Paribas Investment Partners S.A. [1]	France	4,103	145	36
AG insurance [2]	Belgium	61,249	6,823	435

[1] *Data at 31 December 2013.*

[2] *Data at 31 December 2012.*

According to the IFRS-rules, there is a requirement to assess at the end of each reporting period whether there is any objective evidence that an investment in an equity associate is impaired. There is objective evidence of impairment if events have occurred, during the period, which have negative impacts on the estimated future cash flows that will be generated by the investment. If so, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36, by comparing its carrying amount with its recoverable amount, being the highest of the fair value less costs to sell and the value in use.

It is considered that at 31 December 2013, there were no triggers requiring an impairment test for the investments in associates and joint ventures, except for the investment in the asset management activities. This investment continued to suffer from a difficult financial environment in the asset management sector. The current market conditions imply that the profitability of many asset managers remains under pressure while future earnings prospect are also still uncertain.

Accordingly, this investment was tested for impairment by comparing its carrying amount with its value-in-use. The valuation approach is a classical DDM (discounted dividend model) analysis, aligned with the methodology as also applied at BNP Paribas Group level.

The DDM analysis is based on the multi-year plan provided by the business for the five coming years, further extrapolated to perpetuity to compute a terminal value, for which the perpetual growth rate is set at the level of the long-term expected inflation rate of 2%.

The plan for the period 2014-2018 anticipates first a decline in revenues reflecting significant net cash outflows for 2013, subsequently followed by a progressive recovery towards the current level again. In the medium to long term, it is expected that the company will benefit from a stabilised environment and will be able to benefit from normal market performance. On the cost side, the overall program of cost reduction initiated by BNP Paribas Group, in particular the specific plan being implemented by the company, should lead to a net cost reduction over the first years and the cost/income ratio should be kept under tight control thereafter. The perpetual growth rate is set at 2%, the level of long term expected inflation.

The test takes into account a cost of capital of 9.1% in line with current market standards (the cost of capital used in 2012 was 10.4%). Other key parameters include the cost/income ratio, the tax rate and the growth rates of revenues and expenses. These parameters are specific to the business.

Equity allocated is set at 7% of the Risk Weighted Assets. This constraint complies with regulatory requirements applicable to a bank and is consistent with the fact that this asset manager is owned by a bank.

Based on the above, it appeared that the recoverable amount of the investment was below the carrying value, leading to an impairment of EUR (446) million. This impairment is reported in the consolidated income statement under the heading 'Share of earnings of associates'.

Last year, at 31 December 2012, the impairment testing on the investment in this asset manager already showed that the recoverable amount was below the carrying amount of the investment, which gave rise to a first impairment of EUR (470) million.

The table below shows the sensitivity of the estimated value of the investment to key assumptions:

In millions of euros	31 December 2013 BNPP IP
Cost of capital	
Adverse change (+10 basis points)	(11)
Positive change (-10 basis points)	11
Cost/income ratio	
Adverse change (+1%)	(24)
Positive change (-1%)	24
Long-term growth rate	
Adverse change (-50 basis points)	(36)
Positive change (+50 basis points)	41

Concerning the investment in AG Insurance, an analysis was performed and concluded that no impairment triggers were identified as per 31 December 2013.

5.m Investment property, property, plant and equipment and intangible assets

	31 December 2013			31 December 2012		
	Gross value	Accumulated depreciations amortisation and impairments	Carrying amount	Gross value	Accumulated depreciations amortisation and impairments	Carrying amount
INVESTMENT PROPERTY	**530**	**(168)**	**362**	**650**	**(152)**	**498**
Land and buildings	2,194	(1,079)	1,115	2,079	(1,011)	1,068
Equipment, furniture and fixtures	1,287	(960)	327	1,211	(915)	296
Plant and equipment leased as lessor under operating leases	731	(340)	391	728	(325)	403
Other property, plant and equipment	399	(217)	182	392	(202)	190
PROPERTY, PLANT AND EQUIPMENT	**4,611**	**(2,596)**	**2,015**	**4,410**	**(2,453)**	**1,957**
Purchased software	334	(279)	55	298	(261)	37
Internally-developed software	163	(116)	47	184	(142)	41
Other intangible assets	116	(60)	56	97	(65)	31
INTANGIBLE ASSETS	**613**	**(455)**	**158**	**579**	**(468)**	**109**

Investment property

The estimated fair value of investment property accounted for at cost at 31 December 2013 was EUR 388 million, compared with EUR 501 million at 31 December 2012.

Operating lease

Operating leases and investment property transactions are in certain cases subject to agreements providing for the following minimum future payments:

In millions of euros	31 December 2013	31 December 2012
Future minimum lease payments receivable under non-cancellable leases	**650**	**712**
Payments receivable within 1 year	*176*	*194*
Payments receivable after 1 year but within 5 years	*399*	*439*
Payments receivable beyond 5 years	*75*	*79*

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

Intangible assets

Other intangible assets comprise leasehold rights, goodwill and trademarks acquired by BNP Paribas Fortis.

In general, software is amortised over a maximum of five years and other intangible assets have an expected useful life of 10 years at most.

With the exception of goodwill (see note 5.n, 'Goodwill') and intangibles relating to the business referral to BNP Paribas Fortis by BNP Paribas, no other intangible assets have indefinite useful lives. The fees paid by BNP Paribas Fortis to compensate BNP Paribas for the business referral in respect of the Corporate and Transaction Banking Europe (CTBE) business by the Portuguese, German, UK and Spanish branches of BNP Paribas to the branches of BNP Paribas Fortis in those countries are booked as 'Other intangible assets with indefinite useful lives' (EUR 32 million). An intangible asset with an indefinite useful life is not amortised but tested for impairment by comparing its recoverable amount with its carrying value. At 31 December 2012 the CTBE intangibles recognised by the Portuguese and UK branch of BNP Paribas Fortis have been fully impaired (impact: EUR 10 million).

Depreciation, amortisation and impairment

Net depreciation and amortisation expense for the year ended 31 December 2013 came to EUR 212 million, compared with EUR 236 million for the year ended 31 December 2012.

The reversal on impairment losses on property, plant and equipment and intangible assets taken to the profit and loss account in the year ending 31 December 2013 amounted to EUR 7 million, compared with a reversal on impairment loss of EUR 10 million for the year ending 31 December 2012.

5.n Goodwill

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012
CARRYING AMOUNT AT START OF PERIOD	**347**	**192**
Acquisitions	195	150
Divestments	(173)	
Impairment losses recognised during the period		
Translation adjustments	(51)	2
Other movements		3
CARRYING AMOUNT AT END OF PERIOD	**318**	**347**
Of which		
Gross value	*669*	*698*
Accumulated impairment recognised at the end of period	*(351)*	*(351)*

The lines 'acquisitions' and 'divestments' are mainly related to the event of acquiring exclusive control on TEB entities.

As a consequence of this event, the historical goodwill on TEB entities was derecognised and replaced by a global goodwill. The foreign exchange translation difference related to the new goodwill amounted to EUR (39) million, included in the line 'Translation adjustments' The new global goodwill amounts to EUR 156 million.

Further information can be found in the note 8.b. 'Business combinations'.

Goodwill by cash-generating unit at 31 December 2013 is as follows:

	Carrying amount		Gross amount		Impairment recognised		Accumulated impairments	
In millions of euros	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
BNP Paribas Fortis in Belgium	**28**	**28**	**28**	**28**				
Alpha Crédit	22	22	22	22				
Fortis Commercial Finance	6	6	6	6				
BNP Paribas Fortis in Luxembourg	**134**	**146**	**146**	**158**			**(12)**	**(12)**
SADE			12	12			(12)	(12)
Leasing (BPLS)	134	146	134	146				
Fundamentum Asset Management								
BNP Paribas Fortis in other countries	**156**	**173**	**495**	**512**			**(339)**	**(339)**
Dominet			206	206			(206)	(206)
Margaret Inc.			102	102			(102)	(102)
Von Essen KG Bank			28	28			(28)	(28)
TEB Bank (Full consolidation)	156		156					
TEB Bank		173		173				
Other			3	3			(3)	(3)
TOTAL	**318**	**347**	**669**	**698**			**(351)**	**(351)**

The activities of BNP Paribas Fortis are divided into cash-generating units, representing reporting entities or groups of reporting entities of BNP Paribas Fortis. The split is consistent with the BNP Paribas Fortis organisational structure and management methods, and reflects the independence of the reporting entities in terms of results and management approach. This 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.

Goodwill allocated to cash-generating units is tested for impairment annually and also 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.

The recoverable amount of a cash-generating unit may be based on one of three different methods: transaction multiples for comparable businesses, share price data for listed companies with comparable businesses, and discounted dividend model analysis (DDM). The DDM method is applied if no transaction multiples for comparable businesses or share price data for listed companies with comparable businesses are available.

The DDM analysis is applied to the medium-term plan from the business for five years, further extrapolated to perpetuity to compute a terminal value, for which the perpetual growth rate is set at the level of the long-term expected inflation rate of 2%.

The tests take into account the cost of capital based on a risk-free rate plus a business specific risk premium. Other key parameters include the cost/income ratio and the growth rate. These parameters are specific to each business.

Equity allocated is set at 7% of the Risk Weighted Assets. The percentage of capital employed complies with regulatory requirements.

Alpha Crédit

A discounted dividend model (DDM) was used to determine the value-in-use. A multi-year plan was delivered by Alpha Crédit and is aligned with the BNP Paribas commercial strategy.

Revenues of Alpha Crédit were up in 2013 thanks to new market shares and despite a competitive consumer credit market. The income is expected to continue to grow but at a lower rate. An overall program of cost reduction initiated by BNP Paribas Group as well as initiatives launched by Alpha Crédit will keep cost levels down.

At 31 December 2013, using a cost of capital of 10.14% and taking into account future capital requirements needed to finance growth, the earnings prospects of Alpha Crédit for the multi-year plan (2014-2018) and the residual period (after 2018) lead to a recoverable amount on the investment in Alpha Crédit which is higher than its carrying value. Therefore, no goodwill impairment is required.

Leasing entities (BPLS)

A discounted dividend model (DDM) was used to determine the value-in-use. A multi-year plan was delivered by BPLS and is aligned with the BNP Paribas commercial strategy.

The multi-year plan anticipates a decrease in revenues for 2014, before a return to moderate growth for both revenues and costs in 2014 and thereafter. The overall program of cost reduction initiated by BNP Paribas Group is regarded as a key element in order to maintain the low cost level.

Using a cost of capital of 8.80% and taking into account future capital requirements needed to finance growth, the earnings prospect of BPLS for the multi-year plan (2014-2018) and the residual period (after 2018) lead to a recoverable amount on the investment in the Leasing entities which is higher than the carrying value. Therefore, no goodwill impairment is required.

Türk Ekonomi Bankasi Group (TEB)

In December 2013, an amendment of the shareholders' agreement between TEB partners resulted in BNP Paribas Fortis (and BNP Paribas) obtaining full control over TEB. This change of control impacted the consolidation method applied for TEB in the BNP Paribas Fortis consolidated financial statements. The change led from a proportionate consolidation (59%) to a full consolidation (100%), with recognition of additional non-controlling interests.

The change is regarded from an accounting point of view as a business combination achieved in stages, also referred to as step acquisition and the acquisition method is applied. In other words, the change in consolidation method leads to the same accounting treatment as if the participation had been sold and re-acquired. The new goodwill amount arising from this 'transaction' amounts to EUR 156 million.

In accordance with IFRS, this goodwill is not tested for impairment in the first year.

More details concerning this transaction are available in note 8.b 'Business combinations'.

Sensitivities

The table below shows the 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	31 December 2013 Alpha Crédit	31 December 2013 BPLS
Cost of capital		
Adverse change (+10 basis points)	(3)	(41)
Positive change (-10 basis points)	3	43
Cost/income ratio		
Adverse change (+1%)	(8)	(72)
Positive change (-1%)	8	72
Long-term growth rate		
Adverse change (-50 basis points)	(11)	(143)
Positive change (+50 basis points)	12	165

For each cash-generating unit mentioned above, there are no grounds for goodwill impairment even if the three most adverse scenarios contained in the table are applied to the impairment test.

5.o Provisions for contingencies and charges

In millions of euros	31 December 2012	Net additions to provisions	Provisions used	Changes in value recognised directly in equity	Effect of movements in exchange rates and other movements	31 December 2013
Provisions for employee benefits (note 7.b)	**3,626**	**60**	**(23)**	**(128)**	**50**	**3,583**
of which post-employment benefit (note 7.b.1)	*3,130*	*1*	*(3)*	*(126)*	*48*	*3,049*
of which post-employment healthcare benefits (note 7.b.1)	*79*	*(3)*		*(2)*		*73*
of which provision for other long-term benefits (note 7.b.2)	*125*	*3*	*(8)*		*6*	*126*
of which provision for volontary departure, early retirement plans, and headcount adaptation plan (note 7.b.3)	*292*	*59*	*(12)*		*(4)*	*335*
Provisions for home savings accounts and plans						
Provisions for off-balance sheet commitments (note 2.f)	**127**	**82**			**4**	**213**
Provisions for litigations	**39**	**1**	**(3)**		**5**	**43**
Other provisions for contingencies and charges	**302**	**29**	**(45)**		**(14)**	**272**
Total provisions for contingencies and charges	**4,094**	**172**	**(71)**	**(128)**	**45**	**4,111**

5.p Transfers of Financial Assets

BNP Paribas Fortis enters into transactions in which it transfers financial assets held on the balance sheet and as a result may either be eligible to derecognise the transferred asset in its entirely or must continue to recognise the transferred asset to the extent of any continuing involvement. More information is included in Note 1 'Summary of significant accounting policies'.

Financial assets that have been transferred but not derecognised by BNP Paribas Fortis are mainly composed of securities sold temporarily under repurchase agreements or securities-lending transactions, as well as securitised assets. The liabilities associated with securities temporarily sold under repurchase agreements consist of debts recognised under the 'repurchase agreements' heading. The liabilities associated with securitised assets consist of the securitisation notes purchased by third parties.

Securities lending and repurchase agreements:

In millions of euros	31 December 2013		31 December 2012	
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
Securities lending operations				
Available-for-sale financial assets			248	
Repurchase agreements				
Securities at fair value through profit and loss	2,409	2,397	841	838
Securities classified as loans and receivables	345	345	519	519
Available-for-sale financial assets	3,458	3,446	1,398	1,398
Total	**6,212**	**6,188**	**3,006**	**2,755**

Securitisation transactions partially refinanced by external investors, whose recourse is limited to the transferred assets:

In millions of euros	31 December 2013					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	Carrying amount of transferred assets	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net position
Securitisation										
Loans and receivables	37,534	3,603	39,680	3,584	36,096	34,011	1,276	37,911	1,174	36,738
Total	**37,534**	**3,603**	**39,680**	**3,584**	**36,096**	**34,011**	**1,276**	**37,911**	**1,174**	**36,738**

There have been no significant transfers leading to partial or full derecognition of the financial assets to which BNP Paribas Fortis has a continuing involvement.

5.q Netting of financial assets and liabilities

The following table presents the amounts of financial assets and liabilities before and after offsetting. This information, required by the amendment to IFRS 7 'Financial Instruments: Disclosures' applicable as of 1 January 2013, aims to enable comparability with the accounting treatment applicable in accordance with generally accepted accounting principles in the United States (US GAAP), which are less restrictive than IAS 32 'Financial Instruments: Presentation' as regards offsetting.

'Amounts set off on the balance sheet' have been determined according to IAS 32. Thus, a financial asset and a financial liability are set off against each other and the net amount presented on the balance sheet when and only when, the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Amounts set off derive mainly from repurchase agreements and derivative instruments traded with clearing houses.

The 'impacts of Master Netting Agreements and similar agreements' relate to outstanding amounts of transactions under an enforceable agreement, which do not meet the offsetting criteria defined by IAS 32. This is the case of transactions for which offsetting can only be performed in the event of default, insolvency or bankruptcy of one of the contracting parties.

'Financial instruments given or received as collateral' include guarantee deposits and securities collateral recognised at fair value. These guarantees can only be exercised in the event of default, insolvency or bankruptcy of one of the contracting parties.

Regarding Master Netting Agreements, the guarantee deposits received or given in compensation for the positive or negative fair values of financial instruments are recognised on the balance sheet in accrued income or expenses and other assets or liabilities.

	31 December 2013					
In millions of euros	**Gross amounts of financial assets**	**Gross amounts set off on the balance sheet**	**Net amounts of financial assets presented on the balance sheet**	**Impact of Master Netting Agreements (MNA) and similar agreements**	**Financial instruments received as collateral**	**Net amounts according to IFRS 7 §13 C (e)**
Assets						
Financial instruments at fair value through profit or loss						
Trading securities	3,145		3,145			3,145
Loans	22		22			22
Repurchase agreements	6,519	(737)	5,782	(3,141)	(2,394)	247
Instruments designated as at fair value through profit or loss	2,363		2,363			2,363
Derivative financial instruments (including derivatives used for hedging purposes)	8,355	(15)	8,341	(3,406)	(1,566)	3,369
Loans and receivables due from customers and credit institutions	**180,849**	**(870)**	**179,979**	**(50)**	**(38)**	**179,891**
of which repurchase agreements	*92*		*92*	*(50)*	*(38)*	*4*
Accrued income and other assets	**7,243**		**7,243**		**(1,276)**	**5,967**
of which guarantee deposits paid	*1,948*		*1,948*		*(1,276)*	*672*
Other assets not subject to offsetting	**54,588**		**54,588**			**54,588**
TOTAL ASSETS	**263,084**	**(1,621)**	**261,463**	**(6,597)**	**(5,274)**	**249,592**

In millions of euros	**Gross amounts of financial liabilities**	**Gross amounts set off on the balance sheet**	**Net amounts of financial liabilities presented on the balance sheet**	**Impact of Master Netting Agreements (MNA) and similar agreements**	**Financial instruments received as collateral**	**Net amounts according to IFRS 7 §13 C (e)**
Liabilities						
Financial instruments at fair value through profit or loss						
Trading securities	1,843		1,843			1,843
Borrowings						
Repurchase agreements	10,275	(737)	9,538	(2,966)	(5,550)	1,022
Instruments designated as at fair value through profit or loss	6,046		6,046			6,046
Derivative financial instruments (including derivatives used for hedging purposes)	6,841	(15)	6,827	(3,406)	(1,265)	2,156
Due to customers and to credit institutions	**180,377**	**(869)**	**179,508**	**(225)**	**(422)**	**178,861**
of which repurchase agreements	*725*		*725*	*(225)*	*(422)*	*78*
Accrued expenses and other liabilities	**6,746**		**6,746**		**(1,596)**	**5,150**
of which guarantee deposits received	*1,403*		*1,403*		*(1,596)*	*(193)*
Other liabilities not subject to offsetting	**27,496**		**27,496**			**27,496**
TOTAL LIABILITIES	**239,624**	**(1,621)**	**238,004**	**(6,597)**	**(8,833)**	**222,574**

In millions of euros	31 December 2012 Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts of financial assets presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments received as collateral	Net amounts according to IFRS 7 §13 C (e)
Assets						
Financial instruments at fair value through profit or loss						
Trading securities	2,185		2,185			2,185
Loans	208		208			208
Repurchase agreements	7,261	(812)	6,449	(2,403)	(3,436)	610
Instruments designated as at fair value through profit or loss	2,568		2,568			2,568
Derivative financial instruments (including derivatives used for hedging purposes)	23,449	(15)	23,434	(16,289)	(4,217)	2,928
Loans and receivables due from customers and credit institutions	**167,534**	**(1,212)**	**166,322**	**(260)**	**(371)**	**165,691**
of which repurchase agreements	*700*		*700*	*(260)*	*(371)*	*69*
Accrued income and other assets	**10,002**		**10,002**		**(3,037)**	**6,965**
of which guarantee deposits paid	*4,515*		*4,515*		*(3,037)*	*1,478*
Other assets not subject to offsetting	**61,221**		**61,221**			**61,221**
TOTAL ASSETS	**274,428**	**(2,039)**	**272,389**	**(18,952)**	**(11,061)**	**242,376**

In millions of euros	Gross amounts of financial liabilities	Gross amounts set off on the balance sheet	Net amounts of financial liabilities presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments received as collateral	Net amounts according to IFRS 7 §13 C (e)
Liabilities						
Financial instruments at fair value through profit or loss						
Trading securities	335		335			335
Borrowings	31		31			31
Repurchase agreements	5,680	(812)	4,868	(2,429)	(2,367)	72
Instruments designated as at fair value through profit or loss	7,282		7,282			7,282
Derivative financial instruments (including derivatives used for hedging purposes)	21,154	(15)	21,139	(16,289)	(3,024)	1,826
Due to customers and to credit institutions	**171,220**	**(1,212)**	**170,008**	**(233)**	**(212)**	**169,563**
of which repurchase agreements	*467*		*467*	*(233)*	*(212)*	*22*
Accrued expenses and other liabilities	**8,090**		**8,090**		**(4,207)**	**3,883**
of which guarantee deposits received	*4,320*		*4,320*		*(4,207)*	*113*
Other liabilities not subject to offsetting	**37,677**		**37,677**			**37,677**
TOTAL LIABILITIES	**251,469**	**(2,039)**	**249,430**	**(18,951)**	**(9,810)**	**220,669**

6 Financing commitments and guarantee commitments

6.a Financing commitments given or received

Contractual value of financing commitments given and received by BNP Paribas Fortis:

In millions of euros	31 December 2013	31 December 2012
Financing commitments given:		
- to credit institutions	87	2,044
- to customers	38,355	34,947
confirmed letters of credit	*35,663*	*34,121*
other commitments given to customers	*2,692*	*826*
Total financing commitments given	**38,442**	**36,991**
Financing commitments received:		
- from credit institutions	11,009	26,106
- from customers	22	16
Total financing commitments received	**11,031**	**26,122**

Reverse repurchase agreements or repurchase agreements which were accounted for as financial commitments given or received between trade date and settlement date amounted to EUR 15,527 million and EUR 1,716 million respectively as at 31 December 2012. These financial commitments are reported as interest rate derivatives in accordance with the principles described in note 1.d.2 as at 31 December 2013.

6.b Guarantee commitments given by signature

In millions of euros	31 December 2013	31 December 2012
Guarantee commitments given:		
- to credit institutions	6,682	15,115
- to customers	18,736	13,448
TOTAL GUARANTEE COMMITMENTS GIVEN	**25,418**	**28,563**

6.c Other guarantee commitments

Financial instruments given as collateral:

In millions of euros	31 December 2013	31 December 2012
Financial instruments (negotiable securities and private receivables) lodged with central banks and eligible for use at any time as collateral for refinancing transactions	**12,034**	**14,600**
- Used as collateral with central banks	2,094	5,373
- Available for refinancing transactions	9,940	9,227
Securities sold under repurchase agreements	**9,316**	**5,278**
Other financial assets pledged as collateral for transactions with banks and financial customers	**11,979**	**24,655**

Financial instruments given as collateral by BNP Paribas Fortis which the beneficiary is authorised to sell or reuse as collateral amounted to EUR 10,844 million at 31 December 2013 (EUR 28,843 million at 31 December 2012).

Financial instruments received as collateral:

In millions of euros	31 December 2013	31 December 2012
Financial instruments received as collateral (excluding repurchase agreements)	**4,393**	**10,115**
Of which instruments that the BNP Paribas Fortis is authorised to sell and reuse as collateral	*601*	*436*
Securities received under repurchase agreements	**6,138**	**6,724**

Financial instruments received as collateral by BNP Paribas Fortis or under repurchase agreements that BNP Paribas Fortis effectively sold or reused as collateral amounted to EUR 5,950 million at 31 December 2013 (EUR 3,843 million at 31 December 2012).

Financial instruments given or received as collateral are mainly measured at fair value.

7 Salaries and employee benefits

7.a Salary and employee benefit expenses

In millions of euros	31 December 2013	31 December 2012
Fixed and variable remuneration, incentive bonuses and profit-sharing	(1,880)	(1,862)
Retirement bonuses, pension costs and social security taxes	(695)	(672)
TOTAL SALARY AND EMPLOYEE BENEFIT EXPENSES	**(2,575)**	**(2,534)**

7.b Employee benefit obligations

7.b.1 Post employment benefits

IAS 19 distinguishes between two categories of plans with different treatment depending on the risk which the entity incurs. When an entity is committed to paying a defined amount (stated, for example, as a percentage of the beneficiary's annual salary) to an external organisation handling payment of the benefits based on the assets available for each plan member, this is described as a defined-contribution plan. Conversely, when the entity's obligation is to manage the financial assets funded through the collection of premiums from employees and to bear the actual cost of benefits 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 an external body but retains the risk arising from management of the assets and from future changes in the benefits.

Defined-contribution pension plans of BNP Paribas Fortis entities

BNP Paribas Fortis has over the past few years implemented a policy of converting defined-benefit plans into defined-contribution plans.

BNP Paribas Fortis contributes to several defined-benefit plans in Belgium, Luxembourg and Turkey, most of them now closed. New employees are offered defined-contribution plans. Under these plans, the BNP Paribas Fortis obligation essentially consists in paying a percentage of the employee's annual salary into the plan.

The amount paid into defined-contribution post-employment plans in Belgium and other countries for the year to 31 December 2013 was EUR 34 million compared with EUR 37 million for the year to 31 December 2012.

Contribution amount in millions of euros	31 December 2013	31 December 2012
Belgium	2	8
Turkey	25	21
Other	8	8
TOTAL	**35**	**37**

Defined-benefit pension plans of BNP Paribas Fortis entities

In Belgium, BNP Paribas Fortis provides a pension plan for its employees and middle managers who joined the Bank before its pension plans were harmonised on 1 January 2002, based on final salary and the number of years of service. This plan is pre-funded at 90% (87% at 31 December 2012) through AG insurance, in which BNP Paribas Fortis owns a 25% interest.

Senior managers have a pension plan that provides a capital sum based on number of years' service and final salary. This plan is pre-funded at 80% (75% at 31 December 2012) through AXA Belgium and AG Insurance. Uncovered liabilities are recognised on BNP Paribas Fortis balance sheet.

Under Belgian 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 schemes. An annual actuarial valuation is executed for such benefits. At 31 December 2013, the amount of assets stands at EUR 495 million and the obligations at EUR 472 million. Liabilities have been determined on an individual basis as the maximum between the mathematical reserves and the minimum vested rights. An analysis of the determination method of such obligations is currently being carried out within BNP Paribas Fortis. The employer contribution 2013 was EUR 19 million.

In Turkey, the pension plan replaces the national pension scheme (these obligations are measured based on the terms of transfer to the Turkish State) and offers guarantees exceeding the minimal legal requirements. At the end of 2013, obligations under this plan are fully funded by financial assets held with an external foundation; these financial assets exceed the related obligations, but since it is not refundable, this surplus is not recognised as an asset by BNP Paribas Fortis. The funding rate at 31 December 2013 stood at 204% (245% at 31 December 2012).

In some countries, there still exist defined-benefit pension plans, now generally closed to new employees, based on pensions linked to the employee's final salary and number of years of service.

Commitments under defined benefit plans

Assets and liabilities recognised in the balance sheet

In millions of euros	31 December 2013 Belgium	Turkey	Other	TOTAL
Present value of defined benefit obligation	2,947	238	286	3,471
of which defined benefit obligations arising from wholly or partially funded plans	*2,932*	*209*	*210*	*3,351*
of which defined benefit obligations arising from unfunded plans	*15*	*29*	*76*	*120*
Fair value of plan assets		(428)	(217)	(645)
Fair value of reimbursement rights [1]	(2,636)		(15)	(2,651)
Effect of asset ceiling		219		219
NET OBLIGATION	**311**	**29**	**54**	**394**
of which asset recognised in the balance sheet for defined-benefit plans	(2,636)		(19)	(2,655)
of which net assets of defined-benefit plans			*(4)*	*(4)*
of which fair value of reimbursement rights	*(2,636)*		*(15)*	*(2,651)*
of which obligation recognised in the balance sheet for defined-benefit plans	2,947	29	73	3,049

In millions of euros	Belgium	Turkey	Other	TOTAL
				31 December 2012 [2]
Present value of defined benefit obligation	3,050	143	246	3,439
of which defined benefit obligations arising from wholly or partially funded plans	*3,034*	*119*	*238*	*3,391*
of which defined benefit obligations arising from unfunded plans	*16*	*24*	*8*	*48*
Fair value of plan assets		(292)	(183)	(475)
Fair value of reimbursement rights [1]	(2,618)		(13)	(2,631)
Effect of asset ceiling		173		173
NET OBLIGATION	**432**	**24**	**50**	**506**
of which asset recognised in the balance sheet for defined-benefit plans	(2,618)		(43)	(2,661)
of which net assets of defined-benefit plans			*(30)*	*(30)*
of which fair value of reimbursement rights	*(2,618)*		*(13)*	*(2,631)*
of which obligation recognised in the balance sheet for defined-benefit plans	3,050	24	93	3,167

(1) The reimbursement rights are mainly to be found on the balance sheet of the Group's insurance subsidiaries and associated companies notably AG Insurance with respect to BNP Paribas Fortis's 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.

(2) Restated according to the amendment to IAS 19 (see note 1.a).

Change in the present value of the defined benefit obligation

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012 [1]
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AT START OF PERIOD	**3,439**	**3,301**
Present value of defined benefit obligation of discontinued operations at 1 January		(103)
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AT START OF PERIOD	**3,439**	**3,198**
Current service cost	144	156
Interest cost	83	122
Past service costs		2
Settlements	(2)	(58)
Actuarial (gains)/losses on change in demographic assumptions	1	(318)
Actuarial (gains)/losses on change in financial assumptions	(109)	436
Actuarial (gains)/losses on experience gaps	7	(9)
Actual employee contributions	10	14
Benefits paid directly by the employer	(23)	(32)
Benefits paid from assets/reimbursement rights	(187)	(182)
Exchange rates (gains)/losses on obligation	(36)	11
Consolidation variation (gains)/losses on obligation	147	99
Other	(3)	
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AT END OF PERIOD	**3,471**	**3,439**

(1) Restated according to the amendment to IAS 19 (see note 1.a)

Movements in the fair value of plan assets and reimbursement rights

In millions of euros	Plan assets		Reimbursement rights	
	Year to 31 Dec. 2013	Year to 31 Dec. 2012 [1]	Year to 31 Dec. 2013	Year to 31 Dec. 2012 [1]
FAIR VALUE OF ASSETS AT START OF PERIOD	**475**	**462**	**2,631**	**2,410**
Fair value of assets of discontinued operations at 1 January		(70)		
FAIR VALUE OF ASSETS AT START OF PERIOD	**475**	**392**	**2,631**	**2,410**
Interest income on assets	22	30	62	78
Settlements		(9)		
Actuarial (gains)/losses on plan assets	4	9	13	143
Actual employee contributions		4	10	10
Employer contributions	13	11	111	144
Benefits paid from assets	(9)	(13)	(177)	(169)
Exchange rate (gains)/losses on assets	(65)	10		
Consolidation gains/(losses) on assets	209	38	1	16
Other	(4)	3		(1)
FAIR VALUE OF ASSETS AT END OF PERIOD	**645**	**475**	**2,651**	**2,631**

(1) Restated according to the amendment to IAS 19 (see note 1.a)

Because BNP Paribas Fortis has defined benefit plans that are funded through associated insurance companies, the related assets do not qualify as plan assets, and must be regarded as 'reimbursement rights' according to IAS 19. This means that these assets may not be deducted from the defined benefit obligations when determining the defined benefit liability. They are shown instead as separate assets called 'reimbursement rights', expressing the right to reimbursement by the related party of expenditures (required to settle the defined benefit obligations).

Components of the cost of defined-benefit plans

In millions of euros	31 December 2013	31 December 2012 [1]
Service costs		
Current service cost	144	156
Prior service cost		2
Settlements	(2)	(49)
Net financial expense		
Interest cost	83	122
Interest income on plan asset	(10)	(30)
Interest income on reimbursement rights	(62)	(78)
TOTAL EXPENSE RECOGNISED IN PROFIT AND LOSS	**153**	**123**

(1) Restated according to the amendment to IAS 19 (see note 1.a)

Other items recognised directly in equity

In millions of euros	31 December 2013	31 December 2012 [1]
Other items recognised directly in equity	**143**	**(63)**
Actuarial (losses)/gains on plan assets or reimbursement rights	17	152
Actuarial (losses)/gains of demographic assumptions on the present value of obligations	(1)	318
Actuarial (losses)/gains of financial assumptions on the present value of obligations	109	(436)
Experience (losses)/gains on obligations	(7)	9
Variation on the limit of assets	25	(106)

(1) Restated according to the amendment to IAS 19 (see note 1.a)

Method used to measure obligations

Principal actuarial assumptions used to calculate post-employment benefit obligations (excluding post-employment healthcare benefits).

For each monetary zone BNP Paribas Fortis discounts its obligations using the yields of high quality corporate bonds, with a term consistent with the duration of the obligations.

The rates used are as follows:

	31 December 2013		31 December 2012	
In %	Discounting rate	Future rate of salary increases [1]	Discounting rate	Future rate of salary increases [1]
Eurozone	1.20%-3.25%	1.95%-3.70%	2.03%-2.69%	3.60%-3.90%
Turkey	9.92%-10.10%	7.50%	7.00%	5.61%

(1) Including price increases (inflation)

The impact of a 100bp change in discount rates on the present value of post-employment benefit obligations is as follows:

	31 December 2013		31 December 2012	
Change in the present value of obligations	Discount rate -100bp	Discount rate +100bp	Discount rate -100bp	Discount rate +100bp
Eurozone	240	(205)	280	(243)
Turkey	21	(16)	14	(11)

Actual rate of return on plan assets and reimbursement rights over the period

In % [1]	31 December 2013	31 December 2012
Belgium	2.30%-6.20%	1.54%-10.40%
Turkey	5.82%	10.80%

(1) Range of value, reflecting the existence of several plans in the same country

Breakdown of plan assets:

In millions of euros	31 December 2013 Shares	Governmental bonds	Non-Governmental bonds	Real-estate	Deposit account	Other
Belgium	2.00%	55.00%	15.00%	- %	- %	28.00%
Turkey	- %	3.00%	- %	5.00%	91.00%	1.00%
Other	15.00%	40.00%	14.00%	2.00%	1.00%	28.00%
TOTAL	**3.00%**	**47.00%**	**13.00%**	**1.00%**	**12.00%**	**24.00%**

In millions of euros	31 December 2012 Shares	Governmental bonds	Non-Governmental bonds	Real-estate	Deposit account	Other
Belgium	2.00%	62.00%	17.00%	- %	- %	18.00%
Turkey	- %	2.00%	- %	6.00%	89.00%	3.00%
Other	17.00%	57.00%	10.00%	3.00%	1.00%	13.00%
TOTAL	**3.00%**	**57.00%**	**15.00%**	**1.00%**	**8.00%**	**16.00%**

BNP Paribas Fortis has put governance rules into effect for the management of assets covering defined-benefit pension plans, whose the main objectives are to frame and control investment risks.

The rules detail, among other items, the investment principles, in particular the definition of an investment strategy for backing assets which relies on financial objectives and the framing of financial risks, in order to specify how backing assets must be administered through asset management conventions.

The investment strategy specifies that an asset liability study must be conducted every year for the plans whose the asset value exceeds EUR 100 million, and every third year for plans whose asset value lies between EUR 20 million and EUR 100 million.

Post-employment healthcare benefits

In Belgium, BNP Paribas Fortis has a healthcare plan for retired employees and middle management. This plan was closed as from 1 January 2002.

The fair value of obligations relating to post-employment healthcare benefits is EUR 73 million at 31 December 2013, compared with EUR 79 million at 31 December 2012, which means a decrease of EUR 6 million during the year 2013 versus an increase of EUR 19 million during the year 2012.

The expense for post-employment healthcare benefits amounts to EUR (1) million for the year 2013, versus EUR 4 million for the year 2012.

Other items related to post-employment healthcare and directly accounted for in equity amount to EUR 2 million for 2013, compared with EUR (17) million for 2012.

7.b.2 Other long-term benefits

BNP Paribas Fortis offers its employees various long-term benefits, mainly long-service bonuses, the right to save up paid leave in time savings accounts, and certain guarantees protecting them in the event of incapacity.

As part of the BNP Paribas Fortis 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 contingent on the performance achieved by the business units, the core businesses and BNP Paribas Fortis.

In millions of euros	31 December 2013	31 December 2012
Net provisions for other long term benefits	**95**	**99**
Asset recognised in the balance sheet under the other long-term benefits	31	31
Obligation recognised in the balance sheet under the other long-term benefits	126	130

7.b.3 Termination benefits

BNP Paribas Fortis has implemented a number of voluntary redundancy plans for employees who meet certain eligibility criteria. The obligations to eligible active employees under such plans are provided for where the plan is based on a bilateral agreement or a draft thereof. In 2013 new plans were implemented in BNP Paribas Fortis in Belgium and in BGL BNP Paribas.

In millions of euros	31 December 2013	31 December 2012
Provisions for voluntary departure and early retirement plans	335	274

8 Additional information

8.a Scope of consolidation

The consolidated accounts are prepared in accordance with the Royal Decree of 5 December 2004 amending the Royal Decree of 23 September 1992 on the non-consolidated accounts and consolidated accounts of credit institutions. The Royal Decree stipulates that, for financial years beginning on or after 1 January 2006, consolidated annual accounts must be drawn up in accordance with international financial reporting standards (IAS/IFRS), as adopted by the European Union.

The consolidated financial statements include those of BNP Paribas Fortis and its subsidiaries. Subsidiaries are those companies whose financial and operating policies BNP Paribas Fortis, directly or indirectly, has the power to govern so as to obtain benefits from its activities ('control'). Subsidiaries are consolidated from the date on which effective control is transferred to BNP Paribas Fortis and are no longer consolidated from the date that control ceases.

The consolidated accounts are prepared in accordance with IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates, IAS 31 Interests in Joint Ventures, and in accordance with SIC-12 Consolidation - Special Purpose Entities (SPEs), whereby BNP Paribas Fortis must consolidate the SPE when the substance of the relationship indicates that BNP Paribas Fortis controls the SPE and retains a significant beneficial interest in the SPE's activities.

Investments in joint ventures – contractual agreements whereby BNP Paribas Fortis and other parties undertake an economic activity that is subject to joint control – are accounted for using the proportional method.

Investments in Associates – investments in which BNP Paribas Fortis has significant influence, but which it does not control, generally holding between 20% and 50% of the voting rights – are accounted for using the equity method.

The consolidation thresholds are detailed in section 1.c.1 'Scope of consolidation' in Note 1: 'Summary of significant accounting policies applied by BNP Paribas Fortis'.

The tables below also include the scope changes during the years 2012 and 2013.

Name	Country	31 December 2013 Method	Voting (%)	Interest (%)	Ref.	31 December 2012 Method	Voting (%)	Interest (%)	Ref.
Consolidating company									
BNP Paribas Fortis	Belgium								
Belgium									
Ace Equipment Leasing	Belgium	Full	100.00%	25.00%		Full	100.00%	25.00%	D2
Ace Leasing	Belgium	Full	100.00%	25.00%		Full	100.00%	25.00%	D2
Ag Insurance	Belgium	Equity	25.00%	25.00%		Equity	25.00%	25.00%	
Alpha Card S.C.R.L.	Belgium	Equity	49.99%	49.99%		Equity	49.99%	49.99%	
Alpha Crédit S.A.	Belgium	Full	100.00%	100.00%		Full	100.00%	100.00%	
Belgian Mobile Wallet	Belgium	Equity	50.00%	50.00%	E2				
Bnp Paribas Fortis Factor	Belgium								S4
Bnp Paribas Fortis Factor Nv SA	Belgium	Full	100.00%	100.00%		Full	100.00%	100.00%	
Bnp Paribas Lease Group	Belgium	Full	100.00%	25.00%		Full	100.00%	25.00%	D2
Bpost Banque - Bpost Bank	Belgium	Prop.	50.00%	50.00%		Prop.	50.00%	50.00%	
Demetris N.V.	Belgium	Equity 1	100.00%	100.00%		Equity 1	100.00%	100.00%	
Eos Aremas Belgium S.A./N.V.	Belgium	Equity	49.97%	49.97%		Equity	49.97%	49.97%	
Es-Finance	Belgium	Full	100.00%	100.00%		Full	100.00%	100.00%	V1
Europay Belgium	Belgium								S3
Finalia	Belgium				S4	Full	100.00%	100.00%	V1
Fortis Finance Belgium S.C.R.L.	Belgium				S1	Full	100.00%	100.00%	
Fortis Lease Belgium	Belgium	Full	100.00%	25.00%		Full	100.00%	25.00%	D2
Fortis Lease Car & Truck	Belgium	Full	100.00%	25.00%		Full	100.00%	25.00%	D2
Fortis Lease Group Services	Belgium								S3
Fortis Private Equity Belgium N.V.	Belgium	Full	100.00%	100.00%		Full	100.00%	100.00%	

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.c.1)

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.c.1)

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 %

Miscellaneous

D1 Consolidation method change not related to fluctuation in voting or ownership interest

D2 Integration in the TEB Holding Group

(1) Non-material subsidiaries consolidated via equity method

(2) As from 31/12/2012 no longer excluded from the prudential scope of consolidation

Full - Full consolidation

Prop. - Proportional consolidation

Equity - Equity Method

Name	Country	31 December 2013 Method		Voting (%)	Interest (%)	Ref.	31 December 2012 Method		Voting (%)	Interest (%)	Ref.
Fortis Private Equity Expansion Belgium N.V.	Belgium	Full		100.00%	100.00%		Full		100.00%	100.00%	
Fortis Private Equity Venture Belgium S.A.	Belgium	Full		100.00%	100.00%		Full		100.00%	100.00%	
Fv Holding N.V.	Belgium					S3	Equity		40.00%	40.00%	
Immobilière Sauvenière S.A.	Belgium	Equity	1	100.00%	100.00%		Equity	1	100.00%	100.00%	
Nissan Finance Belgium N.V.	Belgium	Full		100.00%	100.00%	V1	Full		100.00%	81.25%	
Belgium - Special Purpose Entities											
Bass Master Issuer Nv	Belgium	Full					Full				
Esmée Master Issuer	Belgium	Full					Full				
Luxembourg											
Bgl Bnp Paribas	Luxembourg	Full		50.00%	50.00%		Full		50.00%	50.00%	
Bgl Bnp Paribas Factor S.A.	Luxembourg	Full		100.00%	50.00%		Full		100.00%	50.00%	E1
Bnp Paribas Fortis Funding S.A.	Luxembourg	Full		100.00%	100.00%		Full		100.00%	100.00%	
Bnp Paribas Lease Group Luxembourg S.A.	Luxembourg	Full		100.00%	50.00%		Full		100.00%	50.00%	V1
Bnp Paribas Leasing Solutions	Luxembourg	Full		50.00%	25.00%		Full		50.00%	25.00%	D2
Cardif Lux Vie	Luxembourg	Equity		33.33%	16.67%		Equity		33.33%	16.67%	
Cofhylux S.A.	Luxembourg	Full		100.00%	50.00%		Full		100.00%	50.00%	
Fb Energy Trading S.A R.L.	Luxembourg										S1
Fundamentum Asset Management Sa	Luxembourg										S3
Paribas Trust Luxembourg Sa	Luxembourg	Full		100.00%	50.00%		Full		100.00%	50.00%	
Plagefin - Placement, Gestion, Finance Holding S.A.	Luxembourg	Full		100.00%	50.00%		Full		100.00%	50.00%	
Societe Immobiliere De Monterey S.A.	Luxembourg	Full		100.00%	50.00%	E2					
Societe Immobiliere Du Royal Building S.A.	Luxembourg	Full		100.00%	50.00%	E2					

Changes in the scope of consolidation

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E1 Passing qualifying thresholds as defined by the Group (cf. note 1.c.1)

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V4 Increase in %

Miscellaneous

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(1) Non-material subsidiaries consolidated via equity method

(2) As from 31/12/2012 no longer excluded from the prudential scope of consolidation

Full - Full consolidation

Prop. - Proportional consolidation

Equity - Equity Method

Name	Country	31 December 2013				31 December 2012			
		Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
Luxembourg - Special Purpose Entities									
Royale Neuve Finance S.A.R.L.	Luxembourg								S3
Royale Neuve Investments Sarl	Luxembourg								S1
Rest of the world									
Ace Leasing B.V.	Netherlands				S4	Full	100.00%	25.00%	
Agrilease B.V.	Netherlands	Full	100.00%	25.00%		Full	100.00%	25.00%	
Albury Asset Rentals Limited	United Kingdom	Full	100.00%	25.00%		Full	100.00%	25.00%	
All In One	Austria	Equity 1	100.00%	25.00%		Equity 1	100.00%	25.00%	D2
All In One Gmbh	Germany	Equity 1	100.00%	25.00%		Equity 1	100.00%	25.00%	D2
Alpha Murcia Holding B.V.	Netherlands	Equity 1	100.00%	100.00%		Equity 1	100.00%	100.00%	E2
Aprolis Finance	France	Full	51.00%	12.75%		Full	51.00%	12.75%	D2
Arius	France	Full	100.00%	25.00%		Full	100.00%	25.00%	D2
Artegy	France	Full	100.00%	25.00%		Full	100.00%	25.00%	D2
Artegy Limited	United Kingdom	Full	100.00%	25.00%		Full	100.00%	25.00%	D2
Barloworld Heftruck Verhuur B.V.	Netherlands	Equity	50.00%	12.25%		Equity	50.00%	12.25%	
Bnp Paribas Bank Polska S.A.	Poland	Full	99.89%	99.89%		Full	99.87%	99.87%	
Bnp Paribas Commercial Finance Limited	United Kingdom	Full	100.00%	100.00%		Equity 1	100.00%	100.00%	
Bnp Paribas Factor Deutschland B.V.	Netherlands	Full	100.00%	100.00%		Equity 1	100.00%	100.00%	
Bnp Paribas Factor Gmbh	Germany	Full	100.00%	100.00%		Equity 1	100.00%	100.00%	
Bnp Paribas Factoring Coverage Europe Holding N.V.	Netherlands	Full	100.00%	100.00%		Full	100.00%	100.00%	

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Full - Full consolidation

Prop. - Proportional consolidation

Equity - Equity Method

Name	Country	31 December 2013 Method		Voting (%)	Interest (%)	Ref.	31 December 2012 Method		Voting (%)	Interest (%)	Ref.
Bnp Paribas Finansal Kiralama A.S.	Turkey	Full		100.00%	25.89%		Full		100.00%	25.89%	
Bnp Paribas Fortis Yatirimlar Holding Anonim Sirketi	Turkey	Full		100.00%	100.00%		Full		100.00%	100.00%	
Bnp Paribas Investment Partners	France	Equity		33.33%	30.85%		Equity		33.33%	30.78%	
Bnp Paribas Lease Group (Rentals) Limited	United Kingdom	Full		100.00%	25.00%		Full		100.00%	25.00%	
Bnp Paribas Lease Group Bplg	France	Full		100.00%	25.00%		Full		100.00%	25.00%	D2
Bnp Paribas Lease Group Ifn S.A.	Romania	Equity	1	99.94%	24.99%		Equity	1	99.94%	24.99%	D2
Bnp Paribas Lease Group Lizing Rt	Hungary	Equity	1	100.00%	25.00%		Equity	1	100.00%	25.00%	D2
Bnp Paribas Lease Group Netherlands B.V.	Netherlands					S4	Full		100.00%	25.00%	
Bnp Paribas Lease Group Plc	United Kingdom	Full		100.00%	25.00%		Full		100.00%	25.00%	D2
Bnp Paribas Lease Group Sp.Z.O.O	Poland	Equity	1	100.00%	25.00%		Equity	1	100.00%	25.00%	D2
Bnp Paribas Leasing Solutions Limited	United Kingdom	Full		100.00%	25.00%		Full		100.00%	25.00%	
Bnp Paribas Leasing Solutions N.V.	Netherlands	Full		100.00%	25.00%		Full		100.00%	25.00%	D2
Bnp Paribas Leasing Solutions S.P.A.	Italy	Equity		26.17%	6.54%		Equity		26.17%	6.54%	D2
Bnp Paribas Leasing Solutions Suisse	Switzerland	Equity	1	100.00%	25.00%		Equity	1	100.00%	25.00%	D2
Bnp Paribas Leasing Solutions Suisse Sa	Switzerland	Equity	1	100.00%	25.00%		Equity	1	100.00%	25.00%	D2
Claas Financial Services	France	Full		60.11%	15.03%		Full		60.11%	15.03%	D2
Claas Financial Services Inc	United States	Full		100.00%	15.03%		Full		100.00%	15.03%	D2
Claas Financial Services Ltd	United Kingdom	Full		51.00%	12.75%		Full		51.00%	12.75%	D2
Cnh Capital Europe Gmbh	Austria	Full		100.00%	12.52%		Full		100.00%	12.52%	D2
Cnh Capital Europe Bv	Netherlands	Full		100.00%	12.52%		Full		100.00%	12.52%	D2
Cnh Capital Europe Ltd	United Kingdom	Full		100.00%	12.52%		Full		100.00%	12.52%	D2

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.c.1)

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.c.1)

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 %

Miscellaneous

D1 Consolidation method change not related to fluctuation in voting or ownership interest

D2 Integration in the TEB Holding Group

(1) Non-material subsidiaries consolidated via equity method

(2) As from 31/12/2012 no longer excluded from the prudential scope of consolidation

Full - Full consolidation

Prop. - Proportional consolidation

Equity - Equity Method

Name	Country	31 December 2013 Method	31 December 2013 Voting (%)	31 December 2013 Interest (%)	31 December 2013 Ref.	31 December 2012 Method	31 December 2012 Voting (%)	31 December 2012 Interest (%)	31 December 2012 Ref.
Cnh Industrial Capital Europe	France	Full	50.10%	12.52%		Full	50.10%	12.52%	D2
Commercial Vehicle Finance Limited	United Kingdom	Full	100.00%	25.00%		Full	100.00%	25.00%	
Cronos Holding Company Limited	Bermuda	Equity	30.11%	30.00%		Equity	30.11%	30.00%	
Dominet S.A.	Poland	Full	100.00%	100.00%		Full	100.00%	100.00%	
Equipment Lease Bv	Netherlands				S4	Full	100.00%	25.00%	
Fb Transportation Capital Llc	United States	Full	100.00%	100.00%		Full	100.00%	100.00%	
Fortis Bank Malta Ltd	Malta	1			S1	Equity 1	100.00%	100.00%	
Fortis Energy Leasing X 2 B.V.	Netherlands				S4	Full	100.00%	25.00%	
Fortis Energy Leasing X1 B.V.	Netherlands				S4	Full	100.00%	25.00%	
Fortis Energy Leasing Xiv B.V.	Netherlands				S4	Full	100.00%	25.00%	
Fortis Faktoring A.S.	Turkey				V2 & D1	Equity 1	100.00%	100.00%	
Fortis Funding Llc	United States	Full	100.00%	100.00%		Full	100.00%	100.00%	
Fortis Holding Malta B.V.	Netherlands				S1	Full	100.00%	100.00%	
Fortis Holding Malta Ltd	Malta				S3	Full	100.00%	100.00%	
Fortis Lease	France	Full	100.00%	25.00%		Full	100.00%	25.00%	D2
Fortis Lease Deutschland Gmbh	Germany	Equity 1	100.00%	25.00%		Equity 1	100.00%	25.00%	D2
Fortis Lease Iberia Sa	Spain	Equity 1	100.00%	41.04%		Equity 1	100.00%	41.04%	D2
Fortis Lease Operativ Lizing Zartkoruen Mukodo Reszvenytarsasag	Hungary	Equity 1	100.00%	25.00%		Equity 1	100.00%	25.00%	D2
Fortis Lease Polska Sp.Z.O.O.	Poland	Full	100.00%	99.89%		Full	100.00%	99.87%	
Fortis Lease Portugal	Portugal	Equity 1	100.00%	25.00%		Equity 1	100.00%	25.00%	D2
Fortis Lease Romania Ifn Sa	Romania	Equity 1	100.00%	25.00%		Equity 1	100.00%	25.00%	D2
Fortis Lease Uk (1) Ltd	United Kingdom								S1
Fortis Lease Uk Ltd	United Kingdom	Full	100.00%	25.00%		Full	100.00%	25.00%	D2

Changes in the scope of consolidation

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Prop. - Proportional consolidation

Equity - Equity Method

Name	Country	31 December 2013 Method	Voting (%)	Interest (%)	Ref.	31 December 2012 Method	Voting (%)	Interest (%)	Ref.
Fortis Lease Uk Retail Limited	United Kingdom	Full	100.00%	25.00%		Full	100.00%	25.00%	D2
Fortis Private Equity France Fund	France				S3	Full	99.90%	99.84%	
Fortis Proprietary Investment Ltd	Ireland								S1
Fortis Vastgoedlease B.V.	Netherlands	Full	100.00%	25.00%		Full	100.00%	25.00%	
Hfgl Limited	United Kingdom	Full	100.00%	25.00%		Full	100.00%	25.00%	
Humberclyde Commercial Investments Limited	United Kingdom	Full	100.00%	25.00%		Full	100.00%	25.00%	
Humberclyde Commercial Investments N°1 Limited	United Kingdom	Full	100.00%	25.00%		Full	100.00%	25.00%	
Inkasso Kodat Gmbh & Co. Kg	Germany	Equity 1	100.00%	100.00%	E1				
Jcb Finance	France	Full	100.00%	12.53%		Full	100.00%	12.53%	D2
Jcb Finance Holdings Ltd	United Kingdom	Full	50.10%	12.53%		Full	50.10%	12.53%	D2
Manitou Finance Limited	United Kingdom	Full	51.01%	12.75%		Full	51.01%	12.75%	D2
Mff	France	Full	51.00%	12.75%		Full	51.00%	12.75%	D2
Rfh Ltd.	Bermuda				S2	Equity	100.00%	99.66%	
Same Deutz Fahr Finance	France	Full	100.00%	25.00%		Full	100.00%	25.00%	D2
Same Deutz Fahr Finance Limited	United Kingdom	Full	100.00%	25.00%		Full	100.00%	25.00%	
Société Alsacienne De Développement Et D'Expansion	France	Full	100.00%	50.00%		Full	100.00%	50.00%	
Srei Equipment Finance Private Limited	India	Prop.	50.00%	12.50%		Prop.	50.00%	12.50%	D2
Tap Ltd	Bermuda								S2

Changes in the scope of consolidation

New entries (E) in the scope of consolidation

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D2 Integration in the TEB Holding Group

(1) Non-material subsidiaries consolidated via equity method

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Prop. - Proportional consolidation

Equity - Equity Method

Name	Country	31 December 2013				31 December 2012			
		Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
Tcg Fund I, L.P.	Cayman Islands	Full	99.66%	99.66%		Full	99.66%	99.66%	
Teb Arval Arac Filo Kiralama A.S.	Turkey	Equity	50.00%	25.00%		Equity	50.00%	25.00%	
Teb Holding A.S.	Turkey	Full	50.00%	50.00%	D1	Prop.	50.00%	50.00%	
Teb Sh A	Kosovo	Full	100.00%	50.00%	V1 & D2	Prop.	100.00%	50.00%	
Turk Ekonomi Bankasi A.S.	Turkey	Full	72.25%	44.75%	V1 & D2	Prop.	72.08%	44.58%	
Von Essen Gmbh & Co. Kg Bankgesellschaft	Germany	Full	100.00%	100.00%		Full	100.00%	100.00%	
Rest of the world - Special Purpose Entities									
Alandes B.V.	Netherlands				S3	Full 2			
Astir B.V.	Netherlands	Full				Full			
Aura Capital Investment Sa	Luxembourg								S1
Black Kite Investments Limited	Ireland								S1
Delphinus Titri 2010 Sa	Luxembourg								S1
Scaldis Capital Limited	Jersey	Full 2				Full 2			
Scaldis Capital Llc	United States	Full 2				Full 2			
Scaldis Capital Ltd	Ireland	Full 2				Full 2			

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.c.1)

E2 Incorporation

E3 Purchase or change of control

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S1 Cessation of activity (including dissolution, liquidation)

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S3 Entities removed from the scope because < qualifying thresholds (cf.note 1.c.1)

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Miscellaneous

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D2 Integration in the TEB Holding Group

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Full - Full consolidation

Prop. - Proportional consolidation

Equity - Equity Method

8.b Business combinations

As part of the overall project to integrate the activities of BNP Paribas Fortis into the BNP Paribas group, initiatives have been launched to re-organise and integrate certain activities of BNP Paribas Fortis and BNP Paribas by transferring and re-allocating assets between various group entities. Implementation of this project first began in 2009 and continued throughout the years until 2013.

The integration transactions approved in 2009, executed in 2010 and the additional integration transactions approved in 2010 and 2012 and implemented in 2010, 2011, 2012 and 2013 are described in the BNP Paribas Fortis' Annual Reports of 2009, 2010, 2011 and 2012.

The table below provides details on business combinations executed during the years 2013 and 2012.

31 December 2013

In millions of euros									
Acquired business	**Country**	**Acquired %**	**Acquisition price**	**Goodwill / (Badwill)**	**Net cash inflow**	**Key figures on acquisition date**			
						Assets		**Liabilities**	
Specialised Finance (SF)	France, UK, Spain, Germany		9,510	254		Loans and receivables due from customers	9,231		
BNP Paribas The Netherlands branch	The Netherlands		287	19	2,498	Loans and receivables due from credit institutions	2,320	Due to credit institutions	1,293
						Loans and receivables due from customers	1,659	Due to customers	5,069

31 December 2012

In millions of euros									
Acquired subsidiaries/business	**Country**	**Acquired %**	**Acquisition price**	**Goodwill / (Badwill)**	**Net cash inflow**	**Key figures on acquisition date**			
						Assets		**Liabilities**	
BNP Paribas Leasing Solutions (BPLS)	Luxembourg	16.67%	383	146	(69)	Loans and receivables due from customers	18,675	Due to credit institutions	10,134
						Loans and receivables due from credit institutions	1,513	Accrued expenses and other liabilities	9,220
Some assets and liabilities of Norwegian branch of BNP Paribas Group	Norway	Business transfer	84	(21)	(44)	Loans and receivables due from customers	1,077	Due to credit institutions	672
								Due to customers	559

Specialised Finance (SF)

The purpose of this transaction is to at reorganise Specialised Finance activities within the BNP Paribas Group. This involves the sale of certain existing Specialised Finance credits by BNP Paribas Group to BNP Paribas Fortis. On the other hand, the activities of certain Specialised Finance businesses are handled through a Competence Center located in Brussels since the beginning of the 2013, and the related new businesses have been booked by BNP Paribas Fortis since then.

The transfer of existing SF credits from BNP Paribas group to BNP Paribas Fortis started as from January 2013, the actual assets and liabilities have been transferred gradually per batch throughout the whole year. As at 31 December 2013, EUR 8,112 million has been transferred, out of a total estimated transfer of EUR 9,285 million. The transfer of the rest of the portfolio should be finalised by the end of March 2014.

At 31 December 2013, the consideration paid for the transferred SF credits amounted to EUR 9,510 million. As the acquisition occurred between entities under common control, BNP Paribas Fortis applied the 'predecessor basis of accounting method' as described in Note 1 'Summary of significant accounting policies applied by BNP Paribas Fortis'. Under this method, BNP Paribas Fortis, as acquiring party, recognised the acquired assets at their carrying value instead of fair value; the carrying value was determined by the transferring entity at the date of the transfer.

The difference between the consideration paid and the carrying value of the transferred assets is presented as an adjustment in equity, which amounts to EUR (254) million. This amount includes EUR (91.2) million relating to the existing specialized finance businesses, EUR (214.3) million relating to the new specialized finance business, EUR 64.9 million for ALM compensation that BNP Paribas Fortis has received, and EUR (13.8) million deferred taxes relating to the collective provisions on the transferred SF credits.

Branches

This transaction relates to the (partial) restructuring of the European branch network of BNP Paribas Group and BNP Paribas Fortis, with the aim of optimising certain aspects of the BNP Paribas Group structure by creating an efficient geographical position in Europe for Corporate & Investment Banking (CIB) as a whole, and at the same time, offering CIB within BNP Paribas Fortis attractive business opportunities.

1) Acquisition of Dutch activities

As part of the strategy mentioned above, the transfer of activities of the BNP Paribas Dutch branch to the new BNP Paribas Fortis Dutch branch was completed on 26 May 2013. The purchase price amounted to EUR 286.6 million.

2) Disposal of Portuguese activities

In like manner, the transfer of activities from the BNP Paribas Fortis Portuguese branch to the BNP Paribas Portuguese branch was completed on 10 May 2013. The sale price amounted to EUR 37.9 million.

3) Disposal of UK activities

In addition, the transfer of activities from the BNP Paribas Fortis UK branch to the BNP Paribas UK branch was completed on 16 November 2013. The sale price amounted to GBP 497.4 million.

TEB

An amendment to the shareholders' agreement between BNP Paribas, BNP Paribas Fortis, BNP Paribas Fortis Yatirimlar Holding and the Colakoglu Parties (holding 50% of TEB Holding A.S.) dated 23 July 2010, has been signed on 20 December 2013, enabling the full consolidation of the TEB entities based on IFRS 3 – Business Combinations.

Accordingly, BNP Paribas Fortis has:

- remeasured the identifiable assets and liabilities of the joint venture TEB at fair value. The difference between the fair value of TEB's net assets and its carrying net asset value plus historical goodwill is recognised as a gain in the profit and loss account, amounting to EUR 1.7 million.

- calculated a global goodwill of EUR 156 million, taking into account that the acquisition price is equivalent to the fair value of the net assets of TEB.

TEB Holding A.S., TEB Bank and TEB ShA were consolidated in BNP Paribas Fortis' consolidated balance sheet using the proportional method of consolidation prior to the amendment of the shareholders' agreement. As a consequence of the amendment, these entities are included at 100% in the consolidated balance sheet of BNP Paribas Fortis as at 31 December 2013, which resulted in an EUR 9,963 million increase in the balance sheet, mainly attributable to TEB Bank. Previously, TEB bank was consolidated at 58.63%, with 13.88% as a minority interest, compared to 100% consolidation, with a 55.25% minority following the change in consolidation method.

Further to such change, the outstanding put option granted by BNP Paribas Fortis to the Colakoglu parties is considered as from 31 December 2013, as a financial liability measured at the present value of the redemption amount and is reclassified from minority interests, in accordance with IAS 32 'Financial Instruments: Presentation'. The financial liability amounts to EUR 334 million as at 31 December 2013. Previously, this put option was accounted for as a financial derivative with the change in fair value of the put option recognised in the profit or loss account.

Business combinations in 2012

In 2012, the main acquisitions included the additional shareholding acquired by BGL BNP Paribas in BNP Paribas Leasing Solutions (BPLS) on 30 March 2012, and the transfer of activities from the BNP Paribas Norwegian branch to the new BNP Paribas Fortis Norwegian branch.

There were no material disposals in 2012.

Details of these transactions can be found in the BNP Paribas Fortis 2012 Annual Report, note 8.b 'Business combinations'.

8.c Non-current assets classified as Held for Sale and Discontinued operations

Assets and liabilities classified as held-for-sale as at 31 December 2012 were related to BNP Paribas Fortis' Portuguese and UK branches, which were part of the integration transaction with BNP Paribas.

These transactions were approved but not yet fully executed as at 31 December 2012. During the course of 2013, the assets and liabilities of these two branches were effectively transferred to BNP Paribas Group on 10 May 2013 and 16 November 2013 respectively and the implementation of the transactions was finalised. The realised gains/losses of these transactions can be found in the profit and loss account on the line 'net gain/loss on non-current asset'.

Major classes of assets and liabilities classified as held for sale

The assets and liabilities classified as held for sale as at 31 December 2013 and 31 December 2012 are shown below.

In millions of euros	31 December 2013	31 December 2012
ASSETS		
Cash and amounts due from central banks and post office banks		2
Financial assets at fair value through profit or loss		161
Derivatives used for hedging purposes		
Available-for-sale financial assets		101
Loans and receivables due from credit institutions		119
Loans and receivables due from customers		1,701
Remeasurement adjustment on interest-rate risk hedged portfolios		
Held-to-maturity financial assets		
Current and deferred tax assets		8
Accrued income and other assets		144
Investments in associates		
Investment property		
Property, plant and equipment		8
Intangible assets		
Goodwill		
Expected loss on sale		(104)
TOTAL ASSETS		**2,140**
LIABILITIES		
Due to central banks and post office banks		
Financial liabilities at fair value through profit or loss		137
Derivatives used for hedging purposes		
Due to credit institutions		83
Due to customers		1,252
Debt securities		12
Remeasurement adjustment on interest-rate risk hedged portfolios		
Current and deferred tax liabilities		11
Accrued expenses and other liabilities		156
Provisions for contingencies and charges		25
Subordinated debt		
TOTAL LIABILITIES		**1,676**

Transactions with BNP Paribas

The comparative figures of BNP Paribas Fortis branch UK as at 31 December 2012 have been restated in accordance with the amendment to IAS 19 'Employee benefits'. Further details can be found in note 8.l 'Restatement due to amendments to IAS 19 Employee benefits'.

	31 December 2012	
In millions of euros	**BNP Paribas Fortis Portugal**	**BNP Paribas Fortis UK**
ASSETS		
Cash and amounts due from central banks and post office banks	1	1
Financial assets at fair value through profit or loss	45	116
Derivatives used for hedging purposes		
Available-for-sale financial assets	100	1
Loans and receivables due from credit institutions	1	118
Loans and receivables due from customers	471	1,231
Remeasurement adjustment on interest-rate risk hedged portfolios		
Held-to-maturity financial assets		
Current and deferred tax assets	1	7
Accrued income and other assets	4	139
Investments in associates		
Investment property		
Property, plant and equipment		8
Intangible assets		
Goodwill		
Expected loss on sale	(12)	(93)
TOTAL ASSETS	**611**	**1,528**
LIABILITIES		
Due to central banks and post office banks		
Financial liabilities at fair value through profit or loss	17	120
Derivatives used for hedging purposes		
Due to credit institutions	1	82
Due to customers	66	1,186
Debt securities		12
Remeasurement adjustment on interest-rate risk hedged portfolios		
Current and deferred tax liabilities		11
Accrued expenses and other liabilities	9	147
Provisions for contingencies and charges	3	22
Subordinated debt		
TOTAL LIABILITIES	**96**	**1,580**

8.d Remuneration and benefits awarded to the BNP Paribas Fortis corporate officers

The remuneration policy for the Board of Directors and Executive Board has not been adapted significantly during 2013.

8.d.1 Remuneration of the Members of the Board of Directors

Remuneration policy of the Members of the Board of Directors

Executive and non-Executive Members of the Board of Directors receive Board remuneration based on the below principles, as approved by the General Shareholders' Meeting of 18 April 2013, during which the principle was confirmed to keep the maximum board remuneration at EUR 1.5 million total per annum.

Annual fixed salary Chairman Board of Directors	EUR	50,000	(gross)
Annual fixed salary Board Members	EUR	25,000	(gross)
Attendance fee Chairman Board Committees	EUR	4,000	(gross)
Attendance fee Members Board of Directors / Board Committees	EUR	2,000	(gross)

The non-Executive Members of the Board of Directors do not receive any variable pay, pension plan or insurances, nor any other benefit[1].

Remuneration for the year

The table below shows the gross board remuneration paid in 2013 to each member of the Board of Directors.

		FIXED FEES	ATTENDANCE FEES BOARD (*)	TOTAL 2013
Mr. Herman DAEMS	Chairman	50,000	66,000	116,000
Mr. Filip ABRAHAM	Non Executive (from 18/04 until 12/12/2013)	25,000	20,000	45,000
Mr. Jean-Laurent BONNAFÉ	Non Executive	25,000	6,000	31,000
Mr. Dirk BOOGMANS	Non Executive	25,000	52,000	77,000
Mr. Georges CHODRON de COURCEL	Vice Chairman	25,000	14,000	39,000
Mrs. Antoinette D'ASPREMONT LYNDEN	Non Executive	25,000	34,000	59,000
Mr. Stefaan DECRAENE	Non Executive (as from 18/04/2013)	18,750	10,000	28,750
Mr. Henri DELWAIDE	Non Executive (until 24/12/2013)	25,000	24,000	49,000
Mr. Filip DIERCKX	Executive	25,000	18,000	43,000
Mrs. Sophie DUTORDOIR	Non Executive	25,000	26,000	51,000
Mr. Camille FOHL	Non Executive (until 18/04/2013)	6,250	4,000	10,250
Mr. Koenraad GEENS	Non Executive (until 05/03/2013)	3,125	6,000	9,125
Mr. Maxime JADOT	Executive	25,000	18,000	43,000
Mr. Thomas MENNICKEN	Executive	25,000	16,000	41,000
Mr. Alain PAPIASSE	Non Executive	25,000	8,000	33,000
Mr. Dominique RÉMY	Executive	25,000	18,000	43,000
Mr. Jean STÉPHENNE	Non Executive	25,000	26,000	51,000
Mr. Peter VANDEKERCKHOVE	Executive	25,000	18,000	43,000
Mr. Thierry VARÈNE	Non Executive	25,000	18,000	43,000
Mr. François VILLEROY DE GALHAU	Non Executive	25,000	16,000	41,000
TOTAL		**478,125**	**418,000**	**896,125**

(*) This column includes the board fees for all Board Committees

[1] *With the exception of the Chairman, who receives the use of a company car, mobile phone and internet at home.*

8.d.2 Remuneration of the Members of the Executive Board

Remuneration policy of the Members of the Executive Board

The Members of the Executive Board are self-employed and receive a Board remuneration based on the same principles as non-Executive Members. In addition to that, they are rewarded for their functions in the Executive Management through the following components: fixed monthly remuneration, variable annual remuneration based on the achievement of clear performance criteria and risk monitoring, linked to collective and individual performance criteria as mentioned below, a company insurance plan (pension plan, hospital plan, life insurance and disability benefits), benefits in kind (the use of a company car, of a mobile phone and internet) and the possibility to get long-term incentive share-based payments. The new banking law project may subject their variable renumeration to further regulation.

The remuneration structure and levels of the remuneration policy are determined by the Board of Directors upon recommendation by the Governance, Nomination and Remuneration Committee (GNRC) by reference to the appropriate executive management compensation common practices and market benchmarking, and with the support of specialised consultancy firms. The governance relative to the remuneration followed the same processes and principles than last year and it is expected to continue in the following years.

Performance criteria used to determine variable remuneration

The whole process described hereunder is audited by the Inspection Générale.

Individual performance

A self assessment is prepared by each Executive Board Member, which is then challenged by the Chief Executive Officer who decides in close discussion with the Chairman of the Board of Directors on the scoring. A global assessment is also made by the Risk and Compliance.

The Individual performance is defined as being the achievement of personal objectives and managerial performance as assessed by the Board of Directors in terms of the following four management principles:

- **Client Focus:** inspire people to focus in an innovative way on the client first, as the interest of the client is always at the centre of the action;
- **Risk-Aware Entrepreneurship:** undertake initiatives for development and efficiency while being accountable, by:
  - Acting in an interdependent and cooperative way with the other entities to serve the global interest of the Group and its clients
  - Being continuously vigilant of the risks related to our area of responsibility and to empower our people to do the same;
- **People Care:** care for our people, by showing them respect, promoting equal opportunities and developing their talents and skills;
- **Lead by example:** set an example through own behaviour and with regard to ethics by respecting the regulations, applying the compliance rules and behaving in a socially responsible way.

Team performance based on Bank Key Performance Indicators (KPI's)

The Collective performance is based on Key Performance Indicators (KPI's) that show that the Executive Board is acting as One Team. Every year, the Bank builds a strategic plan, from which are derived indicators enabling the Executive Board to measure and evaluate the Bank performance. The performance criteria measured for each business are: financial results, cost management, risk management/compliance, long term developments, Corporate Social Responsibility, people management. On a yearly basis, the Executive Board receives a score for its global performance.

The evaluation period during which performance is measured is January to December of each year. The methods used to evaluate the performance against targets are both qualitative (client satisfaction, sound risk governance, global employees' survey results, people management, etc.) and quantitative (net operating profit, gross income, increase in market shares, etc.).

Future performance applied to the deferred part of the variable remuneration

The variable part of the remuneration is subject to the deferral principles, whereby the deferred part is conditional to future performance of the company and to sound risk management.

Remuneration for the year

The table below shows the gross remuneration paid or payable to the Members of the Executive Board for the year 2013, including benefits in kind and Director's fees.

	Chief Executive Officer	Other Members of the Executive Board
Remuneration		
Fixed [3]	928,513	3,157,488
Cash part of variable		
Deferred part of variable		
Long Term Incentive plan		
Director's fees	43,000	170,000
Benefit in Kind [1]	8,350	242,779
Pension, life insurance and orphan's pension [2]	264,590	487,067
Total	**1,244,453**	**4,057,334**

(1) The members of the Executive Board each have a company car and a mobile telephone. Reimbursement of school fees are included in the reported benefits in kind.

(2) For defined contribution plan and defined benefit plans: sum of employer contributions.

(3) Gross rental allowances and relocation allowances are included in the reported fix pay.

The Governance, Nomination and Remuneration Committee of the Board has decided not to grant variable remuneration nor long term incentives or equivalent for 2013 to the members of the Executive Board just as it was the case in 2011 and 2012.

Information on severance pay

At the general shareholder meeting of the 24th of April 2014, the following proposition will be made for approval: all members of the Executive Board and the Executive Committee who will have, when leaving, a seniority of at least 20 years within the Company will be entitled to a contractual severance pay of 18 months fixed plus variable compensation.

In 2013, no termination benefits have been paid to any member of the Board of Directors.

8.e Related parties

Parties related to BNP Paribas Fortis

Parties related to BNP Paribas Fortis as at 31 December 2013 include:

- parties that control or have an interest which gives them significant influence over BNP Paribas Fortis;
- parties that are controlled by BNP Paribas Fortis;
- associates and joint ventures;
- other related entities such as non-consolidated subsidiaries and pension funds;
- members of the Board of Directors and Executive Committee of BNP Paribas Fortis;
- close family members of any person referred to above;
- entities controlled or significantly influenced by any person referred to above.

Consequently, parties related to BNP Paribas Fortis as at 31 December 2013 include the following parties:

- consolidated companies including entities consolidated under the proportionate consolidation method or the equity method;
- BNP Paribas (and all its subsidiaries), which has control over BNP Paribas Fortis.

Transactions between BNP Paribas Fortis and its fully consolidated subsidiaries, which are related parties to BNP Paribas Fortis, were eliminated upon consolidation and are not disclosed in this note.

Relations with the Belgian State, the National Bank of Belgium (NBB), the SFPI/FPIM and other Belgian State-controlled entities

On 13 November 2013, the Belgian State and BNP Paribas announced that they have reached an agreement for the transfer to BNP Paribas, the 25% shareholding in BNP Paribas Fortis, held by the Belgian State (through the SFPI - Société Fédérale de Participations et d'Investissement), for a price of EUR 3.25 billion. Therefore, the Belgian state, the NBB, the SFPI/FPIM and other Belgian State-controlled entities are no longer considered as related parties of BNP Paribas Fortis as at 31 December 2013.

Transactions with other related parties

BNP Paribas Fortis enters into transactions with various related parties in the course of its business operations. All kinds of transactions are entered into under the same commercial and market terms and conditions that apply to non-related parties.

A list of companies consolidated by BNP Paribas Fortis is provided in Note 8.a: 'Scope of consolidation'. As transactions and period-end balances between fully-consolidated entities are eliminated in full during the consolidation process, the tables below show only figures relating to transactions and balances with (i) companies over which BNP Paribas Fortis exercises joint control (accounted for by the proportionate consolidation method), showing only the proportion not eliminated on consolidation, and (ii) companies over which BNP Paribas Fortis exercises significant influence (accounted for by the equity method).

Related parties balance sheet items:

In millions of euros	31 December 2013 Entities from the BNP Paribas Group	31 December 2013 Consolidated entities under the proportionate method	31 December 2013 Consolidated entities under the equity method	31 December 2012 Entities from the BNP Paribas Group	31 December 2012 Consolidated entities under the proportionate method	31 December 2012 Consolidated entities under the equity method
ASSETS						
Loans, advances and securities						
Demand accounts	*1,433*	*3*	*23*	*1,334*	*1*	*26*
Loans	*13,199*	*6*	*1,124*	*13,527*	*628*	*1,719*
Securities	*300*		*5*	*332*		*21*
Finance leases						
Non-trading securities held in the portfolio		*4*	*86*	*93*		*88*
Other assets	**649**	**8**	**76**	**519**	**3**	**100**
TOTAL	**15,581**	**21**	**1,314**	**15,805**	**632**	**1,954**
LIABILITIES						
Deposits						
Demand accounts	*844*	*42*	*565*	*1,253*	*22*	*753*
Other borrowings	*9,956*		*2,260*	*11,795*	*1*	*1,773*
Debt securities	**1,502**	**62**	**14**	**1,540**	**62**	**10**
Other liabilities	**259**		**10**	**85**	**1**	**11**
TOTAL	**12,561**	**104**	**2,849**	**14,673**	**86**	**2,547**
FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS						
Financing commitments given	677		81	527	7	791
Guarantee commitments given	7,715	58	152	15,788	101	127
TOTAL	**8,392**	**58**	**233**	**16,315**	**108**	**918**

BNP Paribas Fortis also carries out trading transactions with related parties involving derivatives (swaps, options and forwards, etc.) These transactions have been excluded.

Related parties profit and loss items:

In millions of euros	Year to 31 Dec. 2013 Entities from the BNP Paribas Group	Year to 31 Dec. 2013 Consolidated entities under the proportionate method	Year to 31 Dec. 2013 Consolidated entities under the equity method	Year to 31 Dec. 2012 Entities from the BNP Paribas Group	Year to 31 Dec. 2012 Consolidated entities under the proportionate method	Year to 31 Dec. 2012 Consolidated entities under the equity method
Interest income	388	14	16	475	22	38
Interest expense	(423)		(1)	(559)	(3)	(22)
Commission income	161	1	455	174	2	453
Commission expense	(72)		(6)	(32)		(22)
Services provided		1			1	
Services received						
Lease income	1		3	1		
TOTAL	**55**	**16**	**467**	**59**	**22**	**447**

BNP Paribas Fortis also carries out trading transactions with related parties involving derivatives (swaps, options and forwards, etc.) These transactions have been excluded.

On 12 March 2009 an agreement was concluded on the sale of 25% + 1 share of AG Insurance to BNP Paribas Fortis for an amount of EUR 1,375 million. As part of this transaction Ageas SA/NV granted to BNP Paribas Fortis a put option to resell at fair value to Ageas SA/NV the acquired stake in AG Insurance Belgium during the six-month period commencing January 1, 2018.

Relations with key management personnel

At 31 December 2013, total outstanding loans granted directly or indirectly to the members of the Board of Directors amounted to EUR 3.09 million. This represents the total amount of loans granted to members of the BNP Paribas Fortis Board of Directors and their close family members. These loans represent normal transactions and were carried out on an arm's length basis.

8.f Balance sheet by maturity

The table below gives a breakdown of the balance sheet by contractual maturity. The maturities of the 'trading portfolio' under financial assets and liabilities measured at fair value through profit or loss are regarded as 'undetermined' insofar as these instruments are intended to be sold or redeemed before their contractual maturity dates.

The maturities of debt securities and subordinated debt, which are part of the financial liabilities designated as at fair value through profit or loss, are presented based on undiscounted cash flows of future interest and principal payments.

The maturities of variable-income financial assets classified as available for sale, derivative hedging instruments, re-measurement adjustments on interest-rate risk hedged portfolios and undated subordinated debt are also deemed to be 'undetermined'.

							31 December 2013	
In millions of euros	Not determined	Overnight or demand	Up to 1 month (excl. overnight)	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	TOTAL
Cash and amounts due from central banks and post office banks		10,163						10,163
Financial assets at fair value through profit or loss	18,407							18,407
Derivatives used for hedging purposes	1,246							1,246
Available-for-sale financial assets	572		729	3,758	1,144	16,171	10,522	32,896
Loans and receivables due from credit institutions	66	2,719	4,168	1,304	2,474	6,114	2,615	19,460
Loans and receivables due from customers		5,199	12,860	9,144	17,300	48,174	67,842	160,519
Remeasurement adjustment on interest-rate risk hedged portfolios	627							627
Held-to-maturity financial assets			10	42	105	580	530	1,267
FINANCIAL ASSETS BY MATURITY	**20,918**	**18,081**	**17,767**	**14,248**	**21,023**	**71,039**	**81,509**	**244,585**
Due to central banks and post office banks		136						136
Financial liabilities at fair value through profit or loss	17,718		27	97	261	3,401	1,065	22,569
Derivatives used for hedging purposes	2,078							2,078
Due to credit institutions		2,387	4,047	2,925	3,474	4,843	993	18,669
Due to customers		126,762	11,906	6,199	4,564	8,128	3,280	160,839
Debt securities			3,148	4,799	5,162	1,293	1,516	15,918
Subordinated debt	1,125		61	195	729	3,310	864	6,284
Remeasurement adjustment on interest-rate risk hedged portfolios	256							256
FINANCIAL LIABILITIES BY MATURITY	**21,177**	**129,285**	**19,189**	**14,215**	**14,190**	**20,975**	**7,718**	**226,749**

							31 December 2012	
In millions of euros	Not determined	Overnight or demand	Up to 1 month (excl. overnight)	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	TOTAL
Cash and amounts due from central banks and post office banks		11,040						11,040
Financial assets at fair value through profit or loss	33,479							33,479
Derivatives used for hedging purposes	1,365							1,365
Available-for-sale financial assets	1,043		324	1,114	2,446	18,018	12,537	35,482
Loans and receivables due from credit institutions	69	2,594	1,849	1,652	2,311	6,795	3,271	18,541
Loans and receivables due from customers		4,883	12,527	15,624	15,152	35,514	64,081	147,781
Remeasurement adjustment on interest-rate risk hedged portfolios	753							753
Held-to-maturity financial assets			10	90	123	784	478	1,485
FINANCIAL ASSETS BY MATURITY	**36,709**	**18,517**	**14,710**	**18,480**	**20,032**	**61,111**	**80,367**	**249,926**
Due to central banks and post office banks		593						593
Financial liabilities at fair value through profit or loss	26,216			243	367	3,345	1,180	31,351
Derivatives used for hedging purposes	2,836							2,836
Due to credit institutions		3,227	2,644	1,496	4,111	11,155	1,130	23,763
Due to customers		113,794	7,926	6,359	4,910	10,140	3,117	146,246
Debt securities			5,500	5,225	7,381	2,948	1,350	22,404
Subordinated debt	1,143		34	93	590	4,098	1,578	7,536
Remeasurement adjustment on interest-rate risk hedged portfolios	561							561
FINANCIAL LIABILITIES BY MATURITY	**30,756**	**117,614**	**16,104**	**13,416**	**17,359**	**31,686**	**8,355**	**235,290**

The majority of the financing and guarantee commitments given, which amounted to EUR 38,442 million and EUR 25,418 million respectively at 31 December 2013 (EUR 36,991 million and EUR 28,563 million respectively at 31 December 2012), can be drawn at sight.

8.g Structured Credit Instruments

BNP Paribas Fortis holds structured credit instruments (SCIs) as part of its investment portfolio. SCIs are securities created by repackaging cash flows from financial products. They encompass asset-backed securities (ABS), mortgage-backed securities (MBS) and collateralised loan obligations (CLOs).

The exposure to structured credit instruments is categorised in the Consolidated Financial Statements as investments reclassified as loans and receivables and financial assets at fair value through profit or loss.

The net exposure to global structured credit instruments as at 31 December 2013 can be detailed by accounting category as follows:

In millions of euros	31 December 2013	31 December 2012
SCI under Financial assets at fair value trough profit or loss	27	33
SCI under Loans and receivables	6,250	12,036
TOTAL	**6,277**	**12,069**

This net exposure as at 31 December 2013 can be further detailed by type of assets as follows:

In millions of euros	31 December 2013	31 December 2012
RMBS	1,465	5,574
CMBS	266	549
CLOs	1,038	1,890
Other ABS	3,508	4,056
TOTAL	**6,277**	**12,069**

On 12 May 2009, a substantial part of the retained SCI portfolio was transferred to investments reclassified as loans and receivables, applying the amendments to IAS 39, Financial Instruments: Recognition and Measurement, and IFRS 7, Financial Instruments: Disclosures. This reclassification concerned financial assets that were previously recognised as available-for-sale investments, assets held for trading and other assets.

Part of this portfolio carried a guarantee by the Belgian State on the second level of loss. Beyond a first tranche of final loss (EUR 3.5 billion), the Belgian State guaranteed on demand a second loss tranche up to EUR 1.5 billion. In December 2012, this guarantee was renegotiated with the Belgian State, and it was ended.

The financial assets reclassified to loans and receivables are summarised in the following table:

In millions of euros	31 December 2013 Carrying amount as of reclassification date	31 December 2013 Carrying value	31 December 2013 Market or model value	31 December 2012 Carrying value	31 December 2012 Market or model value
Financial assets reclassified from the trading portfolio	**108**	**182**	**193**	**183**	**186**
- Into loans and receivables due from customers	108	182	193	183	186
Financial assets reclassified from the available-for-sale portfolio	**21,312**	**5,068**	**5,339**	**6,841**	**7,126**
- Into loans and receivables due from customers	21,312	5,068	5,339	6,841	7,126
Financial assets reclassified from the other assets portfolio	**2,030**	**818**	**819**	**1,112**	**1,077**
- Into loans and receivables due from customers	2,030	818	819	1,112	1,077
TOTAL PORTFOLIO RECLASSIFIED INTO LOANS AND RECEIVABLES	**23,450**	**6,068**	**6,351**	**8,136**	**8,389**

As of the reclassification date, the weighted average effective interest rate on financial assets reclassified as loans and receivables was 7.157% and the expected recoverable cash flows amounted to EUR 18,531 million.

In September 2010, Dutch mortgage-backed notes (Dolphin notes) were called at nominal value for an amount of EUR 4.1 billion. These notes were previously recorded as SCIs under loans and receivables. In 2012, similar calls took place on other Dutch mortgage-backed securities (Dolphin and Beluga) for a total amount of EUR 4.7 billion. Also in 2013, other Dutch mortgage-backed securities (Goldfish) were either called or sold back to the issuer for a total amount of EUR 3.9 billion.

Other sales and reimbursements since the reclassification date explain the further decrease of the portfolio over time.

The following table shows the profit or loss items relating to the reclassified assets as they were recorded over the period and the impact if the reclassification had not taken place:

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012
Profit or loss and equity items (before tax) related to reclassified assets as recorded	**(335)**	**(289)**
Profit or loss items	**95**	**281**
- Interest income	61	177
- Gains or losses on financial assets	7	5
- Cost of risk	19	91
- Other	8	8
Equity items	**(430)**	**(570)**
Impact on Profit or loss and equity items (before tax) if assets had not been reclassified	**217**	**207**
Profit or loss items	**8**	**14**
Equity items	**209**	**193**

8.h Exposure to sovereign risk

As part of liquidity management, BNP Paribas Fortis and BNP Paribas seek to maximise the assets available for refinancing so that they 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 ALM and structural interest-rate risk management policy, BNP Paribas Fortis also holds a portfolio of assets that includes sovereign debt instruments, with interest-rate characteristics which contribute to its hedging strategies.

BNP Paribas Fortis' euro sovereign bond portfolio is shown in the table below:

In millions of euros	31 December 2013	31 December 2012
	Banking Book	Banking Book
Eurozone		
Belgium	16,074	17,038
Netherlands	3,227	3,249
France	1,079	1,685
Italy	1,070	1,150
Spain	556	618
Finland	196	290
Luxembourg	131	46
Germany	120	123
Austria	104	105
Slovakia	29	29
Cyprus	8	7
Slovenia	5	38
Countries under support		
Portugal	545	575
Ireland	181	176
Total eurozone	**23,325**	**25,129**

Reclassification of debt securities issued by Greece, Ireland and Portugal at 30 June 2011

The lack of liquidity seen during the first half of 2011 in the markets for public debt instruments issued by Greece, Ireland and Portugal prompted BNP Paribas Fortis to cease classifying these securities as available-for-sale assets. As permitted in such exceptional circumstances by paragraph 50E of IAS 39, and given the period that the Bank believes to be necessary for these three countries to restore the state of their finances, BNP Paribas Fortis 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'.

In millions of euros	Reclassification date	Assets reclassified as loans and receivables		
		Carrying value	Expected cash flows deemed recoverable	Average effective interest rate
Sovereign securities from the available-for-sale portfolio		**1,903**	**3,897**	
of which Greek sovereign securities	*30 June 2011*	*687*	*2,168*	*9.00%*
of which Portuguese sovereign securities	*30 June 2011*	*1,020*	*1,446*	*8.80%*
of which Irish sovereign securities	*30 June 2011*	*196*	*283*	*6.10%*

Exposure to Greek, Irish and Portuguese sovereign credit risk reclassified to 'loans and receivables' at 31 December 2013

Further to the agreement on 21 February 2012 between the representatives of the Greek government, private sector investors (PSIs) and the Eurogroup, on 12 March 2012, 31.5% of the principal amount of the Greek debt, reclassified to 'Loans and receivables' at 30 June 2011 were exchanged for 20 new Greek bonds. Accounted for as 'Available-for-sale assets', these bonds were then sold during the fourth quarter of 2012, resulting in a gain of EUR 11.2 million. The remaining 53.5% of the principal amount was waived and 15% redeemed. The financial assets position relating to sovereign securities of Portugal and Ireland reclassified to 'Loans and receivables' is summarised in the following tables:

Breakdown by residual time to maturity:

In millions of euros	Remaining time to maturity						31 December 2013
	1 year	2 years	3 years	5 years	10 years	> 10 years	Total
Ireland							
Loans and receivables	3		17	86	75		**181**
Portugal							
Loans and receivables	149	61	51	186	23	56	**526**
Held-to-maturity financial assets					19		**19**

The following tables show the items relating to the reclassified assets, both as they were recorded during the period and as they would have been recorded if the reclassification had not taken place:

On the balance sheet:

In millions of euros	31 December 2013	
	Carrying value	Market or model value
Sovereign securities reclassified as loans and receivable due from customers	**707**	**806**
of which Greek sovereign securities		
of which Portuguese sovereign securities	*526*	*572*
of which Irish sovereign securities	*181*	*234*

In profit and loss and as a direct change in equity:

In millions of euros	31 December 2013	
	Reported	Pro forma amount for the period
In profit or loss item	**(2)**	**(2)**
in revenues	**(2)**	**(2)**
of which Greek sovereign securities		
of which Portuguese sovereign securities	*(10)*	*(10)*
of which Irish sovereign securities	*8*	*8*
in cost of risk		
of which Greek sovereign securities		
as direct change in equity (before tax)	**39**	**68**
of which Greek sovereign securities		
of which Portuguese sovereign securities	*34*	*53*
of which Irish sovereign securities	*5*	*15*
Total profit and loss impact and direct changes in equity resulting from reclassified items	**37**	**66**

8.i Fair value of financial instruments carried at amortised cost

The information supplied in this note must be used and interpreted with the greatest caution for the following reasons:

- These fair values are an estimate of the value of the relevant instruments as of 31 December 2013. They are liable to fluctuate from day to day as a result of changes in various parameters, such as interest rates and credit quality of the counterparty. In particular, they may differ significantly from the 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 Fortis 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 finance lease transactions, 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 BNP Paribas Fortis.

In millions of euros	31 December 2013 Carrying value [1]	31 December 2013 Estimated fair value	31 December 2012 Carrying value [1]	31 December 2012 Estimated fair value
FINANCIAL ASSETS				
Loans and receivables due from credit institutions	19,460	19,460	18,541	18,610
Loans and receivables due from customers [2]	149,666	154,532	135,509	143,336
Held-to-maturity financial assets	1,267	1,303	1,485	1,716
FINANCIAL LIABILITIES				
Due to credit institutions	18,669	18,653	23,763	23,933
Due to customers	160,839	161,574	146,246	147,360
Debt securities	15,918	15,885	22,404	22,571
Subordinated debt	6,284	6,009	7,536	8,531

(1) The carrying amount does not include the re-measurement of portfolios of financial instruments in fair value hedging relationships. At 31 December 2013, this is included under 'Remeasurement adjustment on interest-rate risk hedged portfolios' for EUR 627 million under assets, and EUR 256 million under liabilities (respectively EUR 753 million and EUR 561 million, at 31 December 2012).

(2) Finance lease excluded

The valuation techniques and assumptions used by BNP Paribas Fortis ensure that the fair value of financial assets and liabilities carried at amortised cost is measured on a consistent basis throughout the Bank. 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, 'Summary of significant accounting policies applied by the BNP Paribas Fortis'. The description of the fair value hierarchy levels is also presented in the accounting principles (note 1.d.9). 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 of most regulated savings products, fair value equates to carrying amount. These instruments have been classified in Level 2, except for loans to customers which are classified in Level 3.

In millions of euros	Note	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS					
Loans and receivables due from credit institutions	5.f		19,279	181	19,460
Loans and receivables due from customers [1]	5.g	3,414	3,264	147,854	154,532
Held-to-maturity financial assets	5.i	478	825		1,303
FINANCIAL LIABILITIES					
Due to credit institutions	5.f		18,653		18,653
Due to customers	5.g		161,574		161,574
Debt securities	5.h		15,885		15,885
Subordinated debt	5.h	122	5,887		6,009

(1) Finance lease excluded

8.j Contingent assets and liabilities

Legal proceedings

BNP Paribas Fortis (and its consolidated subsidiaries) is involved as a defendant in various claims, disputes and legal proceedings in Belgium and in a number of foreign jurisdictions, arising in the ordinary course of its banking business, including inter alia in connection with its activities as lender, employer, investor and taxpayer.

BNP Paribas Fortis makes provisions for such matters when, in the opinion of its management and after consulting its legal advisors, it is probable that a payment will have to be made by BNP Paribas Fortis and when the amount can be reasonably estimated.

With respect to certain other claims and legal proceedings against BNP Paribas Fortis (and its consolidated subsidiaries) of which management is aware (and for which, according to the principles outlined above, no provision has been made), the management is of the opinion, after due consideration of appropriate advice, that, while it is often not feasible to predict or determine the ultimate outcome of all pending or threatened legal and regulatory proceedings, such proceedings are without legal merit, can be successfully defended or that the outcome of these actions is not expected to result in a significant loss in the BNP Paribas Fortis Consolidated Financial Statements.

Following the restructuring of Fortis (referring to both 'Fortis SA/NV' and 'Fortis N.V.' and currently 'Ageas SA/NV', hereafter 'Ageas') at the end of September and the beginning of October 2008, a number of groups representing shareholders, and other parties, initiated, or threatened to initiate, legal action against various entities of the former Fortis group and/or certain members of their Board of Directors and management.

If these claims and legal proceedings were to be successful, they could eventually result in monetary consequences for BNP Paribas Fortis. Such impact remains unquantifiable at this stage.

These legal actions include inter alia the following:

MCS Noteholders claim against Ageas, BNP Paribas Fortis and others

Certain holders of Mandatory Convertible Securities (hereafter 'MCS') filed two actions against the co-issuers of the MCS, including BNP Paribas Fortis, and against Bank of New York Corporate Trustee Services Ltd in its capacity of trustee, before the Commercial Court of Brussels, firstly claiming annulment of the MCS Notes conversion and the restitution of their MCS Notes and, secondly, claiming damages. On 23 March 2012 the Commercial Court of Brussels dismissed both actions. Certain holders then filed an appeal in June 2012 claiming damages for a provisional amount of EUR 350 million and the appointment of an expert. BNP Paribas Fortis will continue to contest this case vigorously because it considers that these claims have no merit.

Claims before the Dutch courts

These legal actions relate to a rights issue by Fortis at the time of the acquisition of ABN Amro and the role of BNP Paribas Fortis as underwriter.

In September 2007, BNP Paribas Fortis acted together with Merrill Lynch and other banks as underwriter of the rights issue by Fortis SA/NV and Fortis N.V. (now Ageas SA/NV) in the amount of EUR 13.4 billion. The purpose of this rights issue was to partly finance Fortis's participation in its acquisition of ABN Amro Bank N.V.

BNP Paribas Fortis received on 3 February 2011 a writ of summons from the Dutch association of shareholders 'VEB NCVB'. This association alleges that BNP Paribas Fortis, Ageas, Merrill Lynch and others are jointly and severally liable in connection with the alleged shortcomings of the prospectus. VEB NCVB is seeking declaratory relief that the statements and alleged omissions in the prospectus were misleading to all who purchased Fortis shares between 24 September 2007 and 3 October 2008 and that as a consequence BNP Paribas Fortis is jointly, with other banks and officers, liable for the damages sustained by those shareholders. On 7 July 2011 BNP Paribas Fortis received a writ of summons from a Dutch foundation named 'Stichting Investor Claims against Fortis'. This action addresses the same subject matter and is largely based on the same allegations. Ageas and Merrill Lynch are co-defendants.

As these are Dutch legal proceedings relating to a declaration sought by an association, no actual claim for damages can be made at this stage. However, these proceedings may potentially lead to future individual damage claims.

On 20 August 2012, BNP Paribas Fortis (and eight other defendants) received a writ of summons from the foundation 'Stichting Investor Claims against Fortis' and other investors, seeking to have the defendants declared jointly and severally liable for the payment of damages arising inter alia, in so far as BNP Paribas Fortis is concerned, from the communication of allegedly incorrect or incomplete information to the market during the period from the acquisition of ABN Amro until 17 October 2008.

Claims before the Belgian Courts

Retail and institutional investors in Fortis shares started legal actions before the courts of Brussels in order to obtain damages from BNP Paribas Fortis and Merrill Lynch in their role as overall coordinator of the rights issue of Fortis in September 2007, as described above. The claimants allege that the banks breached their duty as financial advisors, including with respect to the information to be provided to investors in the prospectus issued by Fortis.

The examining magistrate of the Court of First Instance in Brussels in charge since 2008 of examining the case relating to events which occurred within the Fortis Group in 2007 and 2008 passed his file to the Public Prosecutor in October 2012. In November 2012 seven individuals were indicted by the examining magistrate and in February 2013 the Public Prosecutor requested the court to order a trial. As additional investigative measures have been ordered, the hearing before the court has been postponed sine die.

Other litigation and investigations in relation to the restructuring of the Fortis Group

This includes, inter alia, an inquiry into the management and course of events at Fortis ordered by the Dutch 'Ondernemingskamer' (Entreprise Chamber) whose report was filed in June 2010. After the filing of the report, the Court decided in April 2012 that improper management had occurred in 2007 and 2008 at Fortis NV (today Ageas SA/NV). The Bank is not a party to this case.

Like many other companies in the banking, investment, mutual funds and brokerage sectors, BNP Paribas Fortis (and its consolidated subsidiaries) has received or may receive requests for information from supervisory, governmental or self-regulatory agencies. BNP Paribas Fortis responds to such requests, cooperates with the relevant regulators and other parties and helps to address any issues they might raise. BNP Paribas Fortis believes that any issues that have been identified do not represent a systemic problem for BNP Paribas Fortis or its businesses.

8.k Fees paid to the Statutory Auditors

The breakdown of the fees paid to the statutory auditors for the year 2013 and 2012 is as follows:

	Year to 31 Dec. 2013						Year to 31 Dec. 2012					
In thousand of euros	**Deloitte**	**%**	**PwC**	**%**	**Total**	**%**	**Deloitte**	**%**	**PwC**	**%**	**Total**	**%**
Audit												
Statutory audits and contractual audits, including:	821	28%	2,620	94%	3,441	61%	816	25%	2,623	84%	3,439	54%
- BNP Paribas Fortis	*650*	*22%*	*966*	*35%*	*1,616*	*28%*	*636*	*20%*	*959*	*31%*	*1,595*	*25%*
- Consolidated subsidiaries	*171*	*6%*	*1,653*	*59%*	*1,824*	*33%*	*180*	*6%*	*1,664*	*53%*	*1,844*	*29%*
Other reviews and services directly related to the statutory audit engagement, including:	21	1%	118	4%	139	2%	845	26%	325	10%	1,170	18%
- BNP Paribas Fortis	*13*	*0%*	*40*	*1%*	*53*	*1%*	*663*	*20%*	*108*	*3%*	*771*	*12%*
- Consolidated subsidiaries	*8*	*0%*	*78*	*3%*	*86*	*1%*	*182*	*6%*	*217*	*7%*	*399*	*6%*
Sub-total	**842**	**29%**	**2,737**	**98%**	**3,579**	**63%**	**1,661**	**51%**	**2,948**	**95%**	**4,609**	**73%**
Non Audit												
Tax and legal	15	1%	3	0%	18	0%	15	0%		- %	15	0%
- BNP Paribas Fortis			*3*	*0%*	*3*	*0%*		*0%*		*- %*		*- %*
- Consolidated subsidiaries	*15*	*1%*			*15*	*0%*	*15*	*0%*		*- %*	*15*	*0%*
Others	2,053	71%	41	2%	2,094	37%	1,565	48%	165	5%	1,730	27%
- BNP Paribas Fortis	*251*	*9%*	*14*	*1%*	*265*	*7%*		*0%*		*- %*		*- %*
- Consolidated subsidiaries	*1,802*	*62%*	*27*	*1%*	*1,829*	*30%*	*1,565*	*48%*	*165*	*5%*	*1,730*	*27%*
Sub-total	**2,068**	**71%**	**44**	**2%**	**2,112**	**37%**	**1,580**	**49%**	**165**	**5%**	**1,745**	**27%**
TOTAL	**2,910**	**100%**	**2,781**	**100%**	**5,691**	**100%**	**3,241**	**100%**	**3,113**	**100%**	**6,354**	**100%**

The fees paid to auditors that are not members of the network of one of the auditors certifying the BNP Paribas Fortis consolidated financial statements and the non-consolidated financial statements, shown in the table above, amounted to EUR 3,002,000 for the year 2013.

8.l Restatement due to amendments to IAS 19 Employee benefits

As of 1 January 2013, in accordance with the amendment to IAS 19 'Employee Benefits' adopted on 6 June 2012 by the European Union, the retirement benefit obligations have been recognised in the balance sheet of BNP Paribas Fortis without adjustment of unrecognised actuarial gains or losses or other amortising items. For comparative purposes, the published figures of the balance sheet, profit and loss account, statement of changes in shareholders' equity, and minority interests in the 2012 Annual Report have been restated accordingly.

The impact of the restatement can be found in the following tables:

In millions of euros	31 December 2012 as published	31 December 2012 restated IAS19
ASSETS		
Cash and amounts due from central banks and post office banks	11,040	11,040
Financial assets at fair value through profit or loss	33,479	33,479
Derivatives used for hedging purposes	1,365	1,365
Available-for-sale financial assets	35,482	35,482
Loans and receivables due from credit institutions	18,541	18,541
Loans and receivables due from customers	147,781	147,781
Remeasurement adjustment on interest-rate risk hedged portfolios	753	753
Held-to-maturity financial assets	1,485	1,485
Current and deferred tax assets	3,698	3,850
Accrued income and other assets	10,008	10,002
Investments in associates	3,561	3,561
Investment property	498	498
Property, plant and equipment	1,957	1,957
Intangible assets	109	109
Goodwill	347	347
Assets classified as held for sale	2,150	2,140
TOTAL ASSETS	**272,254**	**272,390**
LIABILITIES		
Due to central banks and post office banks	593	593
Financial liabilities at fair value through profit or loss	30,819	30,819
Derivatives used for hedging purposes	2,836	2,836
Due to credit institutions	23,763	23,763
Due to customers	146,246	146,246
Debt securities	22,404	22,404
Remeasurement adjustment on interest-rate risk hedged portfolios	561	561
Current and deferred tax liabilities	824	812
Accrued expenses and other liabilities	8,090	8,090
Provisions for contingencies and charges	3,593	4,093
Subordinated debt	7,536	7,536
Liabilities classified as held for sale	1,663	1,676
TOTAL LIABILITIES	**248,928**	**249,429**
CONSOLIDATED EQUITY		
Share capital and additional paid-in capital	*9,605*	*9,605*
Retained earnings	*8,533*	*8,177*
Net income for the period attributable to shareholders	*307*	*313*
Total capital, retained earnings and net income for the period attributable to shareholders	**18,445**	**18,095**
Change in assets and liabilities recognised directly in equity	562	561
Shareholders' equity	**19,007**	**18,656**
Retained earnings and net income for the period attributable to minority interests	4,370	4,356
Change in assets and liabilities recognised directly in equity	(51)	(51)
Total minority interests	**4,319**	**4,305**
TOTAL CONSOLIDATED EQUITY	**23,326**	**22,961**
TOTAL LIABILITIES AND EQUITY	**272,254**	**272,390**

In millions of euros	Year to 31 Dec. 2012 as published	Year to 31 Dec. 2012 restated IAS19
Interest income	9,215	9,216
Interest expense	(4,759)	(4,759)
Commission income	1,931	1,931
Commission expense	(614)	(614)
Net gain/loss on financial instruments at fair value through profit or loss	89	89
Net gain/loss on available-for-sale financial assets and other financial assets not measured at fair value	(45)	(45)
Income from other activities	495	495
Expense on other activities	(432)	(432)
REVENUES	**5,881**	**5,881**
Salary and employee benefit expenses	(2,544)	(2,534)
Other operating expense	(1,611)	(1,610)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(236)	(236)
GROSS OPERATING INCOME	**1,490**	**1,501**
Cost of risk	(374)	(374)
OPERATING INCOME	**1,116**	**1,127**
Share of earnings of associates	(295)	(295)
Net gain/loss on non-current assets	(236)	(236)
Goodwill		
PRE-TAX INCOME	**586**	**596**
Corporate income tax	(41)	(45)
NET INCOME BEFORE DISCONTINUED OPERATIONS	**545**	**551**
Net result of discontinued operations		
NET INCOME	**545**	**551**
Net income attributable to minority interests	238	238
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS	**307**	**313**

8.m Events after the reporting period

There have been no material events since the balance sheet date that would require adjustments to the Consolidated Financial Statements as at 31 December 2013.

On 5 December 2013, BNP Paribas Group and Rabobank Group announced that they had reached an agreement for the transfer to BNP Paribas of the 98.5% stake held by Rabobank in the Polish institution 'Bank Gospodarki Żywnościowej' (Bank BGŻ) by valuing Bank BGŻ at PLN 4.2 billion (approximately EUR 1 billion). The intention is to consolidate Bank BGŻ in the BNP Paribas Fortis scope, together with the other activities of the group in Poland.

The completion of the transaction is subject to to the necessary regulatory approvals.

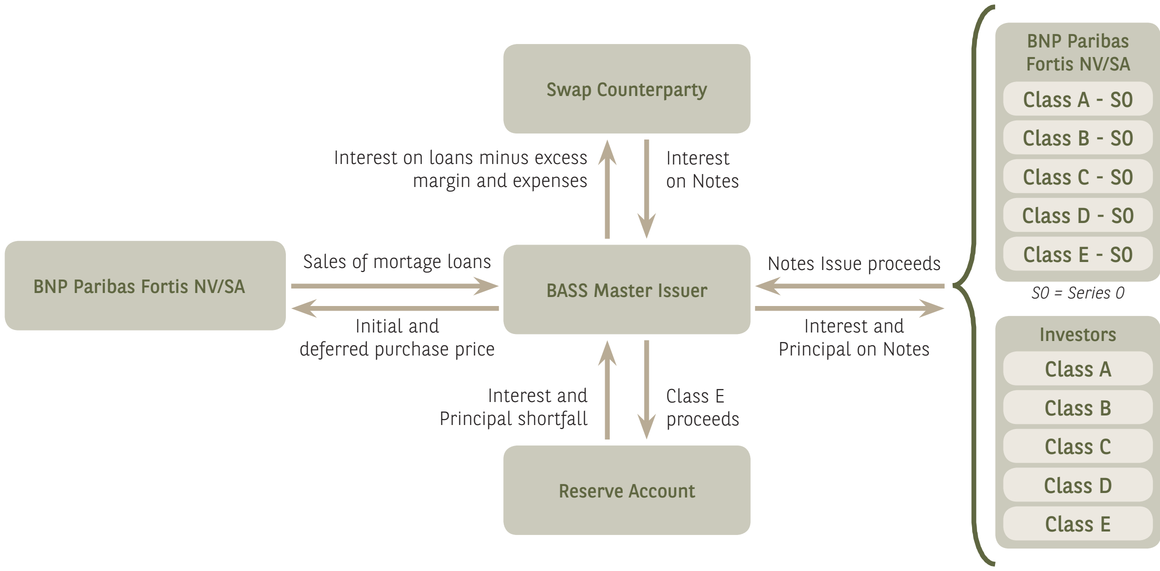
Bank BGŻ is a universal commercial bank with a strong franchise and well-established brand name in Poland. It offers services to retail, corporate and institutional clients, including a meaningful part in the food and agricultural sector (the bank originally specialised in financing the agriculture and the food industry). With its network of nearly 400 branches, Bank BGZ covers the whole country with a substantial presence in the smaller cities where it enjoys a strong franchise in the retail as well as in the SME segments.

8.n Additional information on the Bass and Esmée securitisation transactions

Bass Master Issuer NV/SA, an institutional company for investment in receivables under Belgian law.

Description of the transaction

Bass Master Issuer NV/SA is a special purpose vehicle (SPV) created for the purpose of securitising mortgage loans, originally granted by BNP Paribas Fortis NV/SA in Belgium. The mortgage loans are securitised on the basis of the following structure:



BNP Paribas Fortis NV/SA transfers monthly interest and principal repayments on the securitised loans to Bass Master Issuer NV/SA. To the extent permitted under the provisions of the programme, Bass Master Issuer NV/SA uses the capital receipts to purchase new mortgage loans from BNP Paribas Fortis NV/SA. The interest payments which Bass Master Issuer NV/SA receives are swapped on a quarterly basis for the interest payable on the issued bonds, plus a guaranteed excess spread of 0.20% a year. In 2013 the call date on the bonds was changed and the coupon was altered to a fixed-rate coupon. As a consequence of this change only the resettable interest rates on the underlying loans are exchanged in the swap.

The bonds issued under the Bass Master Issuer programme as at 31 December 2013 are shown in the following table. Bass Master Issuer was launched in June 2008. The total amount of notes issued under the programme has been increased over time.

Tranche	ISIN	Original notional amount in EUR	Notional amount as of 31 December 2013	Step up date	Legal final maturity	Coupon	Step up coupon	Fitch	Moodys	S&P
Bass 2008-1 A0	BE0002364363	15,750,000,000	25,200,000,000	15/10/2015	15/10/2056	0.82%	0.82%	AAA	Aaa	NR
Bass 2008-1 B0	BE0002365378	525,000,000	840,000,000	15/10/2015	15/10/2056	0.89%	0.89%	AA	Aa3	NR
Bass 2008-1 C0	BE0002366384	525,000,000	840,000,000	15/10/2015	15/10/2056	1.04%	1.04%	A	A2	NR
Bass 2008-1 D0	BE0002367390	700,000,000	1,120,000,000	15/10/2015	15/10/2056	1.64%	1.64%	BB	NR	NR
Bass 2008-1 E0	BE0002368406	157,500,000	252,000,000	15/10/2015	15/10/2056	6.44%	6.44%	NR	NR	NR
Total Bass			**28,252,000,000**							

As at 31 December 2013, BNP Paribas Fortis NV/SA had transferred mortgage loans to the value of EUR 27,872,256,385.87 to Bass Master Issuer NV/SA.

Overview of relevant parties

BNP Paribas Fortis NV/SA plays several roles within the securitisation transaction, with a number of other roles being played by parties outside the scope of BNP Paribas Fortis NV/SA. The following table provides an overview of the relevant parties:

Issuer of the bonds
Bass Master Issuer NV/SA, an institutional company for investment in receivables under Belgian law. The company is not a subsidiary of BNP Paribas Fortis NV/SA and is represented by two independent directors.

Seller of the loans
BNP Paribas Fortis NV/SA. Direct or indirect subsidiaries of BNP Paribas Fortis NV/SA may participate in the programme, subject to certain conditions, provided that a supplement to the prospectus is published.

Loan provider
BNP Paribas Fortis NV/SA or any subsidiary or predecessor of BNP Paribas Fortis NV/SA.

Loan servicer
BNP Paribas Fortis NV/SA

Administrator of Bass Master Issuer NV/SA
Intertrust (Nederland) B.V.

GIC counterparty
BNP Paribas Fortis NV/SA

Interest swap counterparty
BNP Paribas Fortis NV/SA

Security Agent
Stichting Security Agent Bass, a foundation under Dutch law. The foundation is represented by an independent director.

Shareholders of Bass Master Issuer
Stichting Holding Bass, a foundation under Belgian law, and Genfinance NV/SA. Stichting Holding Bass is represented by two independent directors.

Domiciliary Agent
BNP Paribas Fortis NV/SA

Listing Agent
BNP Paribas Fortis NV/SA

Reference Agent
BNP Paribas Fortis NV/SA

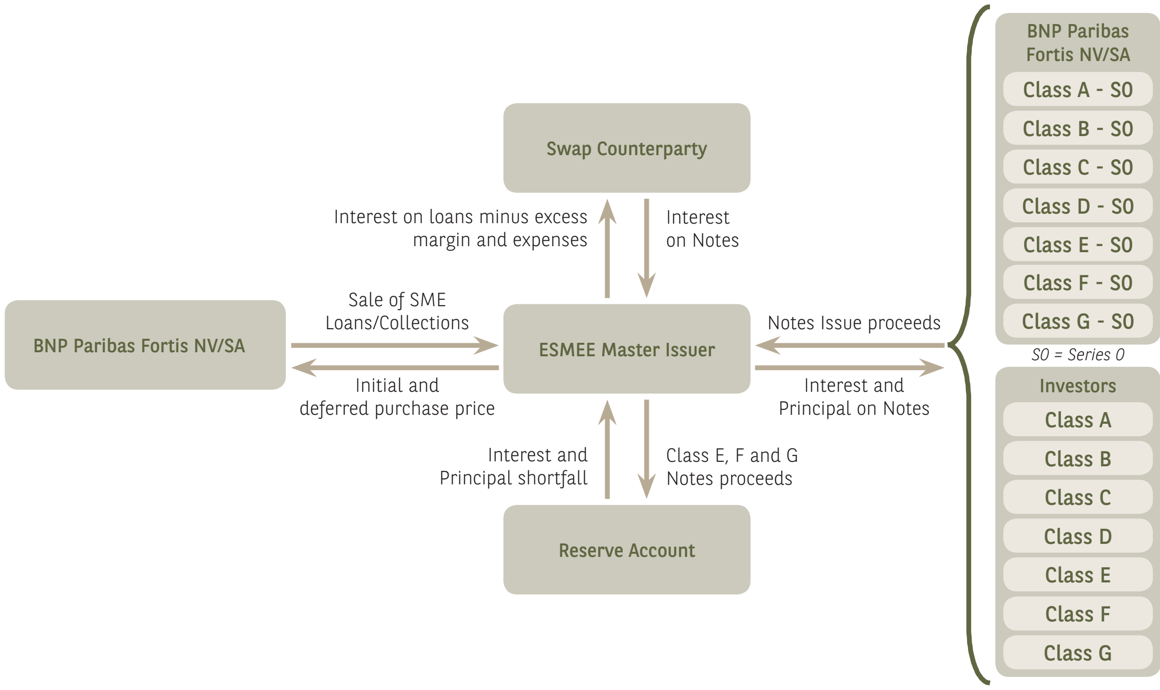
Other rights and obligations

Since the securitisation vehicle is fully consolidated by BNP Paribas Fortis NV/SA, all other mutual relationships between the two entities are also consolidated.

Esmée Master Issuer NV/SA, an institutional company for investment in receivables under Belgian law.

Description of the transaction

Esmée Master Issuer NV/SA is a second special purpose vehicle (SPV) created to securitise loans to self-employed people and small and medium-sized enterprises, originally granted by BNP Paribas Fortis NV/SA in Belgium. The loans are securitised on the basis of the following structure:



BNP Paribas Fortis NV/SA transfers monthly interest and principal repayments on the securitised loans to Esmée Master Issuer NV/SA. To the extent permitted under the provisions of the programme, Esmée Master Issuer NV/SA uses the capital receipts to purchase new loans from BNP Paribas Fortis NV/SA, based on predetermined criteria that the loans are required to meet. The interest payments which Esmée Master Issuer NV/SA receives are swapped on a quarterly basis for the interest payable on the issued bonds, plus a guaranteed excess spread of 0.75% a year.

The bonds issued under the Esmée Master Issuer programme as at 31 December 2013 are shown in the following table. Esmée Master Issuer was launched in December 2009.

Tranche	ISIN	Original notional amount in EUR	Notional amount as of 31 December 2013	Step up date	Legal final maturity	Coupon	Step up coupon	Fitch	Moodys	S&P
Esmee 2009-1 A0	BE0002387596	6,040,000,000	6,040,000,000	25/04/2016	25/04/2050	3-m Euribor + 35	3-m Euribor + 35	AAA	Aaa	NR
Esmee 2009-1 B0	BE0002388602	1,400,000,000	1,400,000,000	25/04/2016	25/04/2050	3-m Euribor + 75	3-m Euribor + 75	NR	Aa3	NR
Esmee 2009-1 C0	BE0002389618	320,000,000	320,000,000	25/04/2016	25/04/2050	3-m Euribor + 100	3-m Euribor + 100	NR	A3	NR
Esmee 2009-1 D0	BE0002390624	240,000,000	240,000,000	25/04/2016	25/04/2050	3-m Euribor + 150	3-m Euribor + 150	NR	Ba1	NR
Esmee 2009-1 E0	BE0002391630	96,000,000	96,000,000	25/04/2016	25/04/2050	3-m Euribor + 300	3-m Euribor + 300	NR	NR	NR
Esmee 2009-1 F0	BE0002392646	96,000,000	96,000,000	25/04/2016	25/04/2050	3-m Euribor + 400	3-m Euribor + 400	NR	NR	NR
Esmee 2009-1 G0	BE0002393651	88,000,000	88,000,000	25/04/2016	25/04/2050	3-m Euribor + 500	3-m Euribor + 500	NR	NR	NR
Total Esmée			**8,280,000,000**							

As at 31 December 2013, BNP Paribas Fortis NV/SA had transferred to Esmée Master Issuer NV/SA loans made to self-employed people and small and medium-sized enterprises to the value of EUR 7,178,225,704.67.

Overview of relevant parties

BNP Paribas Fortis NV/SA plays several roles within the securitisation transaction, with several other roles being played by parties outside the scope of BNP Paribas Fortis NV/SA. The following table provides an overview of the relevant parties:

Issuer of the bonds
Esmée Master Issuer NV/SA, an institutional company for investment in receivables under Belgian law. The company is not a subsidiary of BNP Paribas Fortis NV/SA and is represented by two independent directors.

Seller of the loans
BNP Paribas Fortis NV/SA. Direct or indirect subsidiaries of BNP Paribas Fortis NV/SA may participate in the programme, subject to certain conditions, provided that a supplement to the prospectus is published.

Loan provider
BNP Paribas Fortis NV/SA or any subsidiary or predecessor of BNP Paribas Fortis NV/SA.

Loan servicer
BNP Paribas Fortis NV/SA

Administrator of Esmée Master Issuer NV/SA
Intertrust (Nederland) B.V.

GIC counterparty
BNP Paribas Fortis NV/SA

Interest swap counterparty
BNP Paribas Fortis NV/SA

Security Agent
Stichting Security Agent Esmée, a foundation under Dutch law. The foundation is represented by an independent director.

Shareholders of Esmée Master Issuer
Stichting Holding Esmée, a foundation under Belgian law, and Genfinance NV/SA. Stichting Holding Esmée is represented by two independent directors.

Domiciliary Agent
BNP Paribas Fortis NV/SA

Listing Agent
BNP Paribas Fortis NV/SA

Reference Agent
BNP Paribas Fortis NV/SA

Other rights and obligations

Since the securitisation vehicle is fully consolidated by BNP Paribas Fortis NV/SA, all other mutual relationships between the two entities are also consolidated.

Report of the accredited statutory auditors

JOINT STATUTORY AUDITORS' REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF THE COMPANY BNP PARIBAS FORTIS SA/NV ON THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2013

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report includes our report on the Consolidated Financial Statements for the year ended 31 December 2013 as defined below, as well as our report on other legal and regulatory requirements. These Consolidated Financial Statements comprise the consolidated profit and loss account, the consolidated statement of net income and changes in assets and liabilities recognised directly in equity, the consolidated balance sheet as at 31 December 2013, the consolidated statement of changes in shareholders' equity, the minority interests, the consolidated statement of cash flows for the year then ended as well as the summary of significant accounting policies and other explanatory notes.

Report on the Consolidated Financial Statements

We have audited the Consolidated Financial Statements of BNP Paribas Fortis SA/NV ("the Company") and its subsidiaries (jointly "the group") for the year ended 31 December 2013, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. The total of the consolidated balance sheet amounts to EUR 261.463 (000.000) and the consolidated profit and loss account show a net income for the year (group share) of EUR 638 (000.000).

Board of directors' responsibility for the preparation of the Consolidated Financial Statements

The Company's board of directors is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines, is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the Consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the Consolidated Financial Statements. We have obtained from the Company's officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Unqualified Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the group's net equity and consolidated financial position as at 31 December 2013 and of its consolidated financial performance and its consolidated statement of cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Emphasis of Matter regarding certain pending legal proceedings

Without further qualifying our opinion, we draw the attention to the fact that as described in note 8.j to the Consolidated Financial Statements as of 31 December 2013, as a result of 2008 events having impacted the Fortis group, a number of claimants have initiated legal actions against the former Fortis group, including the Company and/or certain members of their boards of directors and management. The ultimate outcome of these matters and the potential consequences for the Company and its directors cannot presently be determined, and therefore no provisions have been recorded in the Consolidated Financial Statements.

Report on other legal and regulatory requirements

The Board of Directors is responsible for the preparation and the content of the board of directors' report on the Consolidated Financial Statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not impact our opinion on the Consolidated Financial Statements:

- The board of directors' report on the Consolidated Financial Statements includes the information required by law, is consistent with the Consolidated Financial Statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Brussels, 26 March 2014

The Joint Statutory Auditors

PwC Reviseurs d'Entreprises sccrl/ Bedrijfsrevisoren bcvba

Represented by

R. Jeanquart

Reviseur d'Entreprises / Bedrijfsrevisor

Deloitte Reviseurs d'Entreprises sc sous forme d'une scrl / Bedrijfsrevisoren bv ovv cvba

Represented by

Ph. Maeyaert

Reviseur d'Entreprises / Bedrijfsrevisor

F. Verhaegen

Reviseur d'Entreprises / Bedrijfsrevisor

BNP Paribas Fortis Annual Report 2013 (non-consolidated)

Report of the Board of Directors

In conformity with Article 119 of the Belgian Companies Code and to avoid repetition, BNP Paribas Fortis has combined the non-consolidated report and the consolidated report of the Board of Directors. The consolidated report of the Board of Directors can be found at the beginning of the Annual Report.

Comments on the evolution of the Balance Sheet

The total balance sheet at 31 December 2013 amounted to EUR 194 billion, a decrease of EUR (8) billion or 4% compared with 31 December 2012. The decrease is mainly the result of the process of novation and reduction of Interest Rate Swaps (EUR (10) billion) and options (EUR (3) billion). This decrease is also due to the sale of the London branch (EUR (1) billion). These reductions are partially compensated by the acquisition of the Amsterdam branch (EUR 8 billion) .

Assets

Cash in hand, balances with central banks and giro offices amounted to EUR 2 billion at 31 December 2013, unchanged from end 2012.

The amount of EUR 2 billion at end 2013 consists of assets of the Amsterdam branch at the central bank of the Netherlands (EUR 1 billion) and assets of the New York branch at the US Federal reserve bank (EUR 1 billion).

Amounts receivable from credit institutions stood at EUR 19 billion at 31 December 2013, a decrease of EUR (2) billion or 10%, mainly in Belgium.

The receivables of EUR 19 billion comprise current accounts (EUR 3 billion), term accounts (EUR 10 billion), reverse repurchase agreements (EUR 1 billion) and assets at the Belgian National Bank (EUR 5 billion). At the end of 2013, unchanged from end 2012, the amounts receivable from credit institutions represented 10% of total assets.

Current accounts, reverse repurchase agreements and assets at the Belgian National Bank decreased respectively by EUR (2) billion, EUR (1) billion and EUR (1) billion while term accounts increased by EUR 2 billion.

Amounts receivable from customers represented EUR 88 billion at 31 December 2013, an increase of EUR 14 billion or 19%, mainly in Belgium and at the new branch in Amsterdam.

The receivables of EUR 88 billion consist of term loans (EUR 61 billion), mortgage loans (EUR 12 billion), advances on current accounts (EUR 9 billion), reverse repurchase agreements (EUR 5 billion) and other receivables (EUR 1 billion). At the end of 2013, they represented 45% of the total assets versus 37% at the end of 2012.

Since 2008, this heading no longer contains the mortgage loans and term loans securitised via 'Special Purpose Vehicles', respectively EUR 28 billion and EUR 8 billion at end-2013. They are included under the heading 'Bonds and other fixed-income securities'.

In Belgium, term loans increased by EUR 12 billion, EUR 8 billion of this being the result of the acquisition in 2013 of 'Specialised Finance' activities and EUR 3 billion due to the further development of these activities. Mortgage loans decreased by EUR (1) billion, this being the net outcome of a new securitisation amounting to EUR (2) billion via 'Special Purpose Vehicles' and new production totalling EUR 1 billion. Advances on current accounts and the reverse repurchase agreements remained stable. Other receivables decreased by EUR (1) billion.

At foreign branches, advances on current accounts increased by EUR 6 billion following the acquisition of the new branch in Amsterdam, while term loans decreased by EUR (1) billion following the sale of the London branch.

Bonds and other fixed-income securities totalled EUR 65 billion at 31 December 2013. This portfolio decreased by EUR (5) billion or 7%, mainly in Belgium.

The amount of EUR 65 billion consists mostly of an investment portfolio of EUR 62 billion containing bonds issued by public authorities (EUR 20 billion), by financial institutions (EUR 2 billion), by 'Special Purpose Vehicles' (EUR 35 billion) and by other issuers (EUR 5 billion). The trading portfolio amounted to EUR 3 billion. Bonds and other fixed-income securities represented 33% of total assets at the end of 2013, unchanged from end-2012.

The decrease is explained by a reduction of EUR (5) billion in the investment portfolio, mainly bonds issued by public authorities (EUR (1) billion) and by other borrowers (EUR (6) billion, of which Goldfish EUR (4) billion). The decrease is offset by the increase in bonds issued by 'Special Purpose Vehicles' (EUR 2 billion) following the latest securitisation of mortgage loans.

Financial fixed assets amounted to EUR 8 billion at 31 December 2013. The reduction of EUR (1) billion or 11% is mainly due to the liquidation of Fortis Finance Belgium and Fortis International Finance Dublin.

Other assets totalled EUR 3 billion at 31 December 2013, a decrease of EUR (4) billion or 58%.

The amount of EUR 3 billion consists mainly of paid premiums on derivatives, predominantly trading options.

This decrease is mainly due to lower paid premiums on trading options, as part of the process of novation and reduction of options.

Deferred charges and accrued income amounted to EUR 7 billion at 31 December 2013, a decrease of EUR (12) billion or 65%, mostly in Belgium. This evolution relates to accruals on derivatives, essentially on Interest Rate Swaps (EUR (10) billion). The decrease is the result of the process of novation and reduction of Interest Rate Swaps.

Deferred charges and accrued income represented 3% of total assets at the end of 2013, versus 9% at the end of 2012.

Liabilities

Amounts owed to credit institutions totalled EUR 11 billion at 31 December 2013. This represents a decrease of EUR (7) billion or 42% compared to 2012.

The amount of EUR 11 billion consists of sight accounts (EUR 3 billion), term accounts (EUR 3 billion) and repurchase agreements (EUR 5 billion). At the end of 2013, amounts owed to credit institutions represented 6% of total liabilities.

The decrease relates to EUR (3) billion in sights accounts, EUR (1) billion in term accounts and EUR (3) billion in repurchase agreements.

Amounts payable to clients stood at EUR 138 billion at 31 December 2013. This represents an increase of EUR 19 billion or 16%, resulting from an increase of EUR 8 billion in Belgium and of EUR 11 billion at the foreign branches.

The amount of EUR 138 billion comprises savings deposits (EUR 61 billion), current accounts (EUR 45 billion), term deposits (EUR 20 billion), repurchase agreements (EUR 6 billion), special deposits (EUR 4 billion) and trading short positions (EUR 2 billion), representing 71% of total liabilities versus 59% at end 2012.

In Belgium, the evolution resulted mainly from an increase in savings deposits (EUR 3 billion), current accounts (EUR 3 billion) and repurchase agreements (EUR 3 billion).

At the foreign branches, the evolution is mainly due to the acquisition of the Amsterdam branch (EUR 9 billion in current accounts and EUR 2 billion in term deposits) and the sale of the London branch (EUR (1) billion in current accounts).

Debts evidenced by certificates totalled EUR 14 billion at 31 December 2013. Overall, they decreased by EUR (4) billion or 21% in 2013, mainly in Belgium.

The amount of EUR 14 billion consists of certificates of deposit (EUR 5 billion), savings certificates (EUR 5 billion) and non-convertible bonds (EUR 3 billion), representing 7% of total liabilities, compared with 9% at end 2012.

This decline is largely explained by a decrease of EUR (3) billion in certificates of deposit and EUR (1) billion in savings certificates.

Other amounts payable represented EUR 4 billion at 31 December 2013, a decrease of EUR (3) billion or 39% in 2013. The amount of EUR 4 billion consists mainly of received premiums on derivatives, predominantly trading options.

This decrease is mainly due to lower premiums on trading options, as part of the process of novation and reduction of options.

Accrued charges and deferred income amounted to EUR 5 billion at 31 December 2013, a decrease of EUR (11) billion or 68%, mostly in Belgium. This evolution relates to accruals on derivatives, essentially on Interest Rate Swaps (EUR (9) billion). The decrease is the result of the process of novation and reduction of Interest Rate Swaps.

Accrued charges and deferred income represent 3% of total liabilities at end 2013 compared with 8% at end 2012.

Fund for general banking risks remained unchanged at EUR 872 million.

Subordinated liabilities amounted to EUR 7 billion at 31 December 2013, a decrease of EUR (2) billion or 25%. The decrease is an overall reflection of the run-off calendar.

Shareholders' equity after earnings appropriation, stood at EUR 13 billion at 31 December 2013, an increase of EUR 0.2 billion or 2%. The rise is due to the amount of retained profit.

Comments on the evolution of the Income statement

The **year's result** showed a profit of EUR 641 million, compared to EUR 1,704 million in 2012.

The result for the year 2013 is characterised by the contribution of new activities, mainly Specialised Finance (EUR 82 million of badwill) and the acquisition of the Amsterdam branch (profit of EUR 12 million), but also by the sale of the London branch (loss of EUR (116) million). The huge variation compared to 2012 is due to the fact that the result of the year 2012 was impacted by the reversal of the impairment on the Ageas pledged shares (EUR 1,384 million), resulting from the tender offer launched by BNP Paribas on the CASHES.

The **interest margin** (Headings I and II) amounted to EUR 2,355 million in 2013, an increase of EUR 20 million or 1% on 2012. This change breaks down into an increase of EUR 66 million located in Belgium and a decrease of EUR (46) million at the foreign branches.

In Belgium, hedging transactions largely compensated for the negative impact of the general decrease of interest rates on the interest margin.

Interest income decreased mainly due to the decline in the average volume of the investment bonds portfolio (EUR (10.9) billion), combined with reinvestments at lower interest rates. This decrease is however smoothed by the acquisition and development of the Specialised Finance activities in 2013 and also by the increase of the interest margin related to hedging derivatives transactions.

The decline in interest expenses, resulting from a decline in the interest rates on savings deposits and term deposits (in spite of a EUR 3.5 billion rise in average volumes by) and from the decreasing volume of long-term subordinated debts (EUR (1.9) billion) and other debt represented by a security (EUR (6.4) billion), exceeds the decline in interest income.

The decline at the foreign branches is mainly due to the ongoing integration of foreign branches into other entities of the BNP Paribas Group, partially offset by the acquisition of the Amsterdam and Oslo branches.

Income from variable-income securities (Heading III) amounted to EUR 429 million in 2013, an increase of EUR 29 million or 7% on 2012, mainly due to an increase in dividends received from participating interests.

Commissions (Headings IV and V) amounted to EUR 1,037 million. The increase of EUR 91 million or 10% is the net outcome of a EUR 94 million rise in Belgium and a EUR (3) million decrease at the foreign branches.

Retail Banking commission in Belgium rose, in particular in relation to the securities business (EUR 23 million) and the management of investment funds (EUR 20 million).

In addition, there was a considerable increase in Structured Finance business, thanks to the transfer of Specialised Finance activities (EUR 35 million) from BNP Paribas to BNP Paribas Fortis.

The decrease in commission at foreign branches was essentially related to the closing of the London branch (EUR (34) million), largely offset by the acquisition of the Amsterdam branch (EUR 22 million) and the integration of Specialised Finance activities (EUR 9 million) at the Frankfurt branch.

Profit on financial operations (Heading VI) amounted to EUR 226 million, down by EUR (29) million.

Profit on exchange transactions and trading in securities and other financial instruments amounted to EUR 65 million in 2013, versus EUR 189 million in 2012. The decrease of EUR (123) million can be explained by inter alia the lower performance of the repo desk which suffered from a low rates environment and a tightening of liquidity in the markets at the end of year 2013, and by the lower commercial performance of foreign exchange activities.

The disposal of investment securities, mainly government bonds, generated a profit of EUR 160 million in 2013 compared to EUR 66 million in 2012.

General administrative expenses (Heading VII) came to EUR (2,678) million, a decrease of EUR 116 million on 2012.

Remuneration, social charges and pensions decreased by EUR 85 million or 5%. On the one hand, basic salaries decreased following the reduction in the number of FTEs (5%). On the other hand, the outsourcing of a pension fund in 2012 necessitated a contribution payment to the insurer.

Other administrative expenses decreased by EUR 31 million in 2013. The Financial Stability Contribution decreased by EUR 37 million following a reduction in the overall balance sheet.

Depreciation and amounts written off on formation expenses, intangible and tangible fixed assets (Heading VIII) amounted to EUR (154) million, an increase of EUR (2) million on 2012.

This evolution is due to higher amortisations on intangible fixed assets (EUR (30) million, mainly on goodwill relating to the acquisition in 2013 of 'Specialised Finance' activities) and to lower amortisations on tangible fixed assets (EUR 28 million on buildings and IT equipment).

Amounts written off on the amounts receivable and the investment portfolio (Heading IX and X) totalled EUR (266) million, versus EUR (227) million in 2012, an increase of EUR (39) million.

In Belgium, impairments amounted to EUR (123) million in 2013, versus EUR (238) million in 2012, i.e. a decrease of EUR 115 million.

At the foreign branches, impairments amounted to EUR (143) million in 2013 (mainly in Madrid), versus EUR 11 million in 2012, i.e. an increase of EUR (154) million.

Provisions for risks and charges (Headings XI and XII) showed a net reversal of EUR 18 million in 2013 against EUR 14 million in 2012. In 2013, the net reversal related mainly to legal litigations (EUR 14 million) and in 2012, to a staff-related litigation (EUR 9 million) and to a legal litigation (EUR 4 million).

Other operating income (Heading XIV) amounted to EUR 246 million, up by EUR 19 million compared to 2012. This rise is mainly related to the re-invoicing of costs to entities of BNP Paribas Group and to the recuperation on amortized claims.

Other operating charges (Heading XV) amounted to EUR (260) million for 2013, down by EUR 19 million compared to 2012. The tax on regular deposits increased by EUR (22) million, while non-recoverable VAT decreased by EUR 30 million.

Extraordinary income (Heading XVII) came to EUR 233 million, relating mainly to the reversal of impairments on financial fixed assets (EUR 82 million, included under Heading XVII B, of which EUR 41 million on Ageas shares following fluctuations in the share price), realised gains on financial fixed assets (EUR 59 million, included under Heading XVII D, of which EUR 54 million on the liquidation of Fortis Finance Belgium), realised gains on tangible fixed assets (EUR 10 million, included under Heading XVII D) and other extraordinary income (EUR 82 million, included under Heading XVII E, of which EUR 82 million of badwill on 'Specialised Finance' activities).

In 2012 the extraordinary income of EUR 1,515 million resulted mainly from the reversal of impairments on financial fixed assets (EUR 1,436 million, included under Heading XVII B, of which EUR 1,384 million on pledged Ageas shares resulting from the tender offer by BNP Paribas on the CASHES and EUR 47 million on Ageas shares following fluctuations in the share price), realised gains on financial fixed assets (EUR 32 million, included under Heading XVII D, of which EUR 31 million on Artemis), realised gains on tangible fixed assets (EUR 8 million, included under Heading XVII D) and other extraordinary income (EUR 38 million, included under Heading XVII E, of which badwill of EUR 22 million relating to the acquisition of the Norwegian activities from the BNP Paribas Oslo branch).

Extraordinary charges (Heading XVIII) came to EUR (532) million, relating mainly to impairments on financial fixed assets (EUR (307) million, included under Heading XVIII B, of which EUR (287) million on BNPP IP), provisions for early departures (EUR (66) million, included under Heading XVIII C), realised losses on financial fixed assets (EUR (22) million, included under Heading XVIII D, of which EUR 19 million on Fortis Holding Malta) and other extraordinary charges (EUR (129) million, included under Heading XVIII E, of which EUR (116) million related to the transfer of activities from the BNP Paribas Fortis London branch to the BNP Paribas London branch).

In 2012 the amount of EUR (538) million mainly resulted from impairments on financial fixed assets (EUR (288) million, included under Heading XVIII B, of which EUR (276) million on BNPP IP), provisions for early departures (EUR (137) million, included under Heading XVIII C), realised losses on tangible fixed assets (EUR (29) million, included under Heading XVIII D, mainly relating to sales of IT equipment) and other extraordinary charges (EUR (76) million, included under heading XVIII E, of which EUR (70) million arising from an indemnity payment to BNP Paribas following the tender offer launched by BNP Paribas on the CASHES).

Income taxes (Heading XX) showed a EUR (15) million negative balance in 2013, following a EUR 2 million positive outcome in 2012. The tax level was influenced by the fiscal treatment of the employee benefits participation and the provisions for early departures in Belgium, and also by the specific tax regimes at the foreign branches.

The 10 **foreign branches** located in Amsterdam (acquired in 2013), Bucharest, Frankfurt, Copenhagen, Madrid, New York, Oslo, Prague, Stockholm and Vienna together made a loss of EUR (61) million in 2013, and the two foreign branches in Lisbon and London which were sold in 2013 together made a loss of EUR (117) million. In 2012, the foreign branches realised a profit of EUR 148 million.

Profit for the year available for appropriation came to EUR 641 million.

Proposed appropriation of the result for the accounting period

Profit for the year for appropriation	EUR	641.2	million
Profit brought forward from the previous year	EUR	2,560.0	million
Profit to be appropriated	EUR	3,201.2	million
Appropriation to statutory reserve	EUR	32.1	million
Profit to be carried forward	EUR	2,758.7	million
Dividend	EUR	386.6	million
Other allocations	EUR	23.8	million

In accordance with the aforementioned profit appropriation for the financial year 2013, the Board of Directors of BNP Paribas Fortis SA/NV will request the approval of the General Meeting of Shareholders for the distribution of a gross dividend of EUR 0.80 per share.

As part of its strategy to attract capital, BNP Paribas Fortis has issued innovative financial debt instruments. On 27 October 2004, BNP Paribas Fortis issued Directly Issued Perpetual Securities to the value of EUR 1 billion. Since these securities are, by their nature, highly subordinated liabilities, the regulator has agreed to rate them as equal to Tier 1 capital. A number of conditions have to be met to this end, including the option of converting the securities into BNP Paribas Fortis profit-sharing instruments under certain circumstances.

In order to facilitate the issue of Directly Issued Perpetual Securities, the Articles of Association were amended at an Extraordinary General Meeting of Shareholders on 28 April 2005. An Article 5ter was added, which defines in detail the circumstances under which profit-sharing instruments will be issued, their characteristics, the associated dividend restrictions and various other provisions.

The Board of Directors has also undertaken to abide by the following regulatory limits: if actually issued, the profit-sharing instruments, together with other innovative capital instruments issued by BNP Paribas Fortis that qualify as Tier 1 capital, will not amount to more than 15% of BNP Paribas Fortis' Tier 1 capital and if actually used, the profit-sharing instruments, together with other similar instruments or shares without voting rights issued by BNP Paribas Fortis, will not amount to more than one third of BNP Paribas Fortis' authorised capital, including issue premiums.

Information related to Article 523 of the Belgian Companies code

Meeting of the Board of Directors of 7 February 2013

The Chairman opens the meeting and indicates that the topic of this meeting is the decision on the nomination for reappointment of Mr. F. Dierckx by the General Shareholders Meeting.

The Chairman declares that for this Board meeting of 7 February 2013, Article 523 of the Companies Code will be applied. Consequently, Mr. Dierckx will not participate to this meeting.

The Chairman further refers to the information and discussion on the same topic, which took place during the previous Board meeting (13 December 2012). In the meantime, the NBB has issued a draft circular letter, dated 21 December 2012, relating to the 'Fit & Proper' requirements for effective leaders in Financial Institutions. This circular letter adapts to the Belgian context the EBA guidelines of November 2012, on the same matter.

The Chairman clarifies for the Board members what must be understood by the 'Fit & Proper' requirements in the draft circular and underlines two of the most important modifications brought forward by the circular letter in that respect:

- the assessment whether a Manager is considered 'fit and proper' must be a **continuous** process;
- when a person is nominated for appointment as Director by the General Shareholders Meeting, the approval of the NBB must be received **before** submitting the appointment proposal to the GSM.

The Chairman then informs the Board that two GNRC meetings took place to examine the matter, on 30 January and 7 February 2013; he reports on the documents submitted to the GNRC and on the discussions held. One of the documents sent to the Chairman of the GNRC and shared and discussed with the members of the GNRC was a letter from Mr. Dierckx explaining his view on his suitability as executive director of the company.

The Chairman concludes by reading the GNRC recommendation to the Board:

- "Having read and considered the formal declaration of Mr. Dierckx in which he denies having committed any criminal act that would fall under any of the charges in the letter he received from the Investigating Judge on 19 November 2012;
- Having read and considered the declaration of Mr. Sunt, counsel for Mr. Dierckx;
- Having read and considered the analysis made by Mr. J-P Buyle, counsel for the Bank;
- Taking into account Mr. Dierckx's competences and experience as shown in his CV, as well as the testimonials of the Chairman of the Executive Board and the representatives of Group Management;
- Taking into account Mr. Dierckx's professional conduct throughout his career and the confidence which has been maintained in Mr. Dierckx by the Bank's Executive Management;
- Having considered the fact that the Bank's successful development has not been materially impacted by Mr. Dierckx' indictment;
- Having considered that Mr. Dierckx has always received a discharge from the General Shareholders Meeting on the execution of his mandate as Executive Director of the Bank;
- Having noted during its meeting of December 13th, 2012, that measures have been taken by the Executive Board to ensure that no conflict of interest will arise between the Bank and Mr. Dierckx in connection with the handling of the legal case, the communication in this respect, or the Bank's governance,

The GNRC recommends to the Board of Directors to conclude that there is, on the basis of the currently available information, no doubt on the fitness of Mr. Dierckx and on his ability to ensure the sound and prudent management of the credit institution.

The GNRC therefore recommends the Board to decide that, on the basis of the information currently in its possession, it takes the view that the indictment of Mr. Dierckx in the so-called Fortis case does not negatively influence the suitability of Mr. Dierckx for his re-appointment as Executive Director of the Bank."

After having heard the Chairman giving the conclusions of the GNRC, the Board approves, on the basis of the currently available information, the recommendation of the GNRC and considers Mr. Dierckx to be fit and proper to continue exercising his mandate of Executive Director of BNP Paribas Fortis.

This decision has no additional financial consequences for the company.

The Board requests the Chairman and the Secretary General to submit the file of the nomination for reappointment of Mr. F. Dierckx to the NBB as soon as possible, in order to obtain the NBB's feedback before 14 March, when the agenda of the General Shareholders Meeting will be finalized.

Meeting of the Board of Directors of 24 April 2013

- During meetings that took place in 2009, 2010, 2011 and 2012, the Board of Directors of the Bank decided that the potential liability incurred by its Directors in the exercise of their mandate should be indemnified by the Bank in certain instances.

- The Chairman explains that the Bank should consider also granting an indemnity to Mr. F. Abraham to protect him from the liability that he may incur as Director of the Bank. The Chairman refers to the considerations underlying the decisions of the Board of 2009, 2010, 2011 and 2012, which remain relevant to date. The Chairman therefore proposes that the Bank undertakes to indemnify Mr. F. Abraham in all instances where he acted in good faith and in a manner he believed to be in the best interest of the Bank, except where the liability of the Director would arise out of a fraud or willful misconduct or where such liability would be covered by an insurance policy (whether or not subscribed by the Bank) benefiting to such Director.

- The Chairman enacted that, in compliance with Article 523 of the Company Code, prior to any deliberation, Mr. F. Abraham informed the other Directors and the Auditors of the Bank that he has to be considered as having an interest conflicting with the decisions to be taken by the Board in connection with this item of the agenda given that he would benefit personally from the indemnity described above.

- Mr. F. Abraham left the meeting room and did not participate to the deliberation and the resolution of the Board recorded in paragraphs 5 and 6 below.

- The other Directors acknowledged that the indemnity described above would be in line with market practices in Belgium considering the specificities of the Bank. This indemnity would be in the best interest of the Bank since the latter needs to be able to attract and maintain Directors and to benefit from their valuable contribution. Furthermore, the other Directors benefit from a similar indemnity and not granting such indemnity to this Director would be a difference in treatment that cannot be justified and that would make it very difficult to attract and maintain Directors going forward. The Directors participating in the deliberation further acknowledged that there should be no financial consequences for the Bank arising from this indemnity other than those resulting from any payment made by the Bank there under.

- The other Directors then proceeded with the deliberation. They discussed the indemnification undertaking and unanimously decided that the Bank shall indemnify and shall hold harmless Mr. F. Abraham to the fullest extent permitted by applicable law, against or from all liabilities, expenses, damages or other amounts reasonably incurred or borne by him in connection with any proceeding or claim brought by a third party (including, without limitation, a shareholder of the Bank acting for his own account) against him as Director of the Bank in respect of any decision, action or omission which was made or occurred (or which is claimed to have been made or to have occurred) before, on or after the date of this meeting, provided however that:

  - he acted in good faith and in a manner he believed to be in the best interest of the Bank; and

  - this indemnification undertaking shall not be applicable (i) in respect of liabilities, expenses, damages or other amounts arising out of a fraud or willful misconduct of a director; nor (ii) if, and to the extent that, any such liabilities, expenses, damages or other amounts are covered by an insurance policy (whether or not subscribed by the Bank) benefiting the relevant Director.

Information regarding related party transactions

Due to a change in legislation that came into force on 1 January 2012, Article 524 of the Companies Code, which imposes a specific procedure in the context of transactions between related parties, no longer applies to BNP Paribas Fortis SA/NV ('BNP Paribas Fortis' or the 'Company'). Nonetheless, the Board of Directors, upon the advice of the GNRC and in line with its internal governance principles, adopted on 15 December 2011 a 'Board Procedure for Related Party Transactions' (the 'Procedure'), which is based upon but not identical to Article 524 of the Companies Code. This procedure was described in the Annual Report of 2012.

There were no Related Party Transactions proposed or decided in the course of 2013. Consequently, the procedure was not applied during 2013.

During 2013 the Castle transactions and Haspen transaction, all of them related party transactions decided in 2012, were implemented.

More information about these transactions and the decision-making processes followed, can be found in the BNP Paribas Fortis 2012 Annual Report.

BNP Paribas Fortis Financial Statements 2013 (non-consolidated)

BALANCE SHEET AFTER APPROPRIATION

	Notes	Codes	Current period	Previous period
ASSETS				
I. Cash in hand, balances with central banks and giro offices		10100	2,042,596	1,837,908
II. Government securities eligible for refinancing with the central bank		10200	59,491	67,887
III. Amounts receivable from credit institutions	5.1	10300	18,938,493	21,028,915
A. At sight		10310	3,058,699	10,020,703
B. Other amounts receivable (at fixed term or period of notice)		10320	15,879,794	11,008,212
IV. Amounts receivable from customers	5.2	10400	87,978,790	73,726,841
V. Bonds and other fixed-income securities	5.3	10500	64,672,624	69,445,153
A. Issued by public bodies		10510	21,903,761	22,640,654
B. Issued by other borrowers		10520	42,768,863	46,804,499
VI. Shares and other variable-yield securities	5.4	10600	545,195	645,189
VII. Financial fixed assets	5.5/ 5.6.1	10700	7,914,565	8,922,457
A. Participating interests in affiliated enterprises		10710	5,159,953	6,073,418
B. Participating interests in other enterprises linked by participating interests		10720	2,103,235	2,386,514
C. Other shares held as financial fixed assets		10730	154,850	115,743
D. Subordinated loans to affiliated enterprises and to other enterprises linked by participating interests		10740	496,527	346,782
VIII. Formation expenses and intangible fixed assets	5.7	10800	329,635	35,872
IX. Tangible fixed assets	5.8	10900	1,010,173	1,038,990
X. Own shares		11000	0	0
XI. Other assets	5.9	11100	2,574,682	6,163,527
XII. Deferred charges and accrued income	5.10	11200	7,484,219	19,032,297
TOTAL ASSETS		**19900**	**193,550,463**	**201,945,038**

	Notes	Codes	Current Period	Previous Period
LIABILITIES				
BORROWINGS		**201/208**	**180,119,235**	**188,744,596**
I. Amounts owed to credit institutions	5.11	20100	10,660,347	18,443,237
A. At sight		20110	2,886,478	6,303,598
B. Amounts owed as a result of the rediscounting of trade bills		20120	0	0
C. Other debts with agreed maturity dates or periods of notice		20130	7,773,869	12,139,639
II. Amounts payable to clients	5.12	20200	137,613,553	119,041,544
A. Savings deposits		20210	60,720,616	57,803,963
B. Other debts		20220	76,892,937	61,237,581
1. At sight		20221	48,664,820	33,990,612
2. At fixed term or period of notice		20222	28,228,117	27,246,969
3. As a result of the rediscounting of trade bills		20223	0	0
III. Debts evidenced by certificates	5.13	20300	13,608,328	17,282,286
A. Debt securities and other fixed-income securities in circulation		20310	8,824,269	9,287,216
B. Other		20320	4,784,059	7,995,070
IV. Other amounts payable	5.14	20400	4,237,978	6,756,745
V. Accrued charges and deferred income	5.15	20500	5,113,375	15,927,123
VI. Provisions and deferred taxes		20600	539,885	473,443
A. Provisions for risks and charges		20610	539,885	473,443
1. Pensions and similar obligations		20611	6,385	6,691
2. Fiscal charges		20612	9,000	9,000
3. Other risks and charges	5.16	20613	524,500	457,752
B. Deferred taxes		20620	0	0
VII. Fund for general banking risks		20700	871,681	871,681
VIII. Subordinated liabilities	5.17	20800	7,474,088	9,948,537
SHAREHOLDERS' EQUITY		**209/213**	**13,431,228**	**13,200,442**
IX. CAPITAL	5.18	20900	9,374,878	9,374,878
A. Subscribed capital		20910	9,374,878	9,374,878
B. Uncalled capital (-)		20920	0	0
X. Share premium account		21000	230,475	230,475
XI. Revaluation surpluses		21100	0	0
XII. Reserves		21200	1,067,178	1,035,078
A. Statutory reserve		21210	526,109	494,009
B. Reserves not available for distribution		21220	36,988	36,988
1. In respect of own shares held		21221	0	0
2. Other		21222	36,988	36,988
C. Untaxed reserves		21230	150,790	150,790
D. Reserves available for distribution		21240	353,291	353,291
XIII. Profits (losses (-)) brought forward	(+)/(-)	21300	2,758,697	2,560,011
TOTAL LIABILITIES		**29900**	**193,550,463**	**201,945,038**

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	Notes	Codes	Current period	Previous period
OFF BALANCE SHEET CAPTIONS				
I. Contingent liabilities	5.22	30100	53,785,604	52,019,704
A. Non-negotiated acceptances		30110	27,737	2,625
B. Guarantees serving as direct credit substitutes		30120	12,517,978	15,868,253
C. Other guarantees		30130	39,958,536	35,073,940
D. Documentary credits		30140	1,076,871	1,074,886
E. Assets charged as collateral security on behalf of third parties		30150	204,482	0
II. Commitments which could give rise to a credit risk	5.22	30200	39,865,090	43,848,935
A. Firm commitments to make funds available		30210	2,128,979	1,735,379
B. Commitments as a result of spot purchases of transferable or other securities		30220	0	324,869
C. Undrawn margin on confirmed credit lines		30230	37,736,111	41,788,687
D. Underwriting and placing commitments		30240	0	0
E. Commitments as a result of open-ended sale and repurchase agreements		30250	0	0
III. Assets lodged with the credit institution		30300	111,973,519	119,866,349
A. Assets held by the credit institution for fiduciary purposes		30310	0	0
B. Safe custody and equivalent items		30320	111,973,519	119,866,349
IV. Uncalled amounts of share capital		30400	146,924	192,234

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INCOME STATEMENT (presentation in vertical form)

			Notes	Codes	Current Period	Previous period
I.	**Interest receivable and similar income**		5.23	40100	4,339,200	4,835,032
	A. Of which : from fixed-income securities			40110	1,140,981	1,637,430
II.	**Interest payable and similar charges**			40200	1,984,081	2,499,810
III.	**Income from variable-yield securities**		5.23	40300	429,291	400,015
	A. From shares and other variable-yield securities			40310	81,837	73,795
	B. From participating interests in affiliated enterprises			40320	181,878	314,636
	C. From participating interests in other enterprises linked by participating interests			40330	163,047	9,793
	D. From other shares held as financial fixed assets			40340	2,530	1,791
IV.	**Commissions receivable**		5.23	40400	1,370,689	1,277,548
	A. Brokerage and related commissions			40410	533,335	498,411
	B. Management, consultancy and conservation commissions			40420	260,186	238,896
	C. Other commissions received			40430	577,168	540,240
V.	**Commissions paid**			40500	333,274	331,016
VI.	**Profit (loss) on financial transactions**	(+)/(-)	5.23	40600	225,559	255,043
	A. On trading of securities and other financial instruments			40610	65,405	188,812
	B. On disposal of investment securities			40620	160,154	66,231
VII.	**General adminsitrative expenses**			40700	2,677,502	2,793,922
	A. Remuneration, social security costs and pensions			40710	1,608,722	1,693,763
	B. Other administrative expenses			40720	1,068,781	1,100,159
VIII.	**Depreciation/amortization of and other write-downs on formation expenses, intangible and tangible fixed assets.**			40800	153,855	152,188
IX.	**Decrease in write downs on receivables and in provisions for off-balance sheet captions 'I. Contingent liabilities' and 'II. Commitments which could give rise to a credit risk'**	(+)/(-)		40900	225,481	198,228
X.	**Decrease in write-downs on the investment portfolio of bonds, shares and other fixed-income or variable-yield securities.**	(+)/(-)		41000	40,714	29,438
XI.	**Utilization and write-backs of provisions for liabilities and charges other than those included in the off-balance sheet captions**	(+)/(-)		41100	(47,999)	(57,152)
XII.	**Provisions for risks and charges other than those included in the off-balance sheet captions.**			41200	29,782	43,451
XIII.	**Transfer from (Appropriation to) the fund for general banking risks**	(+)/(-)		41300	0	0
XIV.	**Other operating income**		5.23	41400	245,926	226,830
XV.	**Other operating charges**		5.23	41500	259,505	278,550
XVI.	**Profits (losses) on ordinary activities before taxes**	(+)/(-)		41600	954,471	725,016

		Notes	Codes	Current period	Previous period
XVII.	**Extraordinary income**		41700	233,381	1,514,727
	A. Adjustments to depreciation/amortization of and to other write-downs on intangible and tangible fixed assets		41710	0	0
	B. Adjustments to write-downs on financial fixed assets		41720	81,824	1,436,437
	C. Adjustments to provisions for extraordinary risks and charges		41730	0	0
	D. Capital gains on disposal of fixed assets		41740	69,223	40,704
	E. Other extraordinary income	5.25	41750	82,334	37,586
XVIII.	**Extraordinary charges**		41800	531,765	537,970
	A. Extraordinary depreciation/amortization of and extraordinary write-downs on formation expenses and intangible and tangible fixed assets		41810	2,106	5,197
	B. Write-downs on financial fixed assets		41820	307,372	287,728
	C. Provisions for extraordinary risks and charges (+/-)		41830	65,800	137,158
	D. Capital losses on disposal of fixed assets		41840	27,479	31,655
	E. Other extraordinary charges	5.25	41850	129,008	76,232
XIX.	**Profits (Losses) for the period before taxes** (+/-)		41910	656,086	1,701,772
XIXbis.	**A. Transfer to deferred taxes**		41921	0	0
	B. Transfer from deferred taxes		41922	0	9
XX.	**Income taxes** (+/-)	5.26	42000	14,917	(2,212)
	A. Income taxes		42010	37,297	44,305
	B. Adjustement of income taxes and write-back of tax provisions		42020	22,380	46,517
XXI.	**Profits (Losses) for the period** (+/-)		42100	641,169	1,703,993
XXII.	**Transfer to (or from) untaxed reserves** (+/-)		42200	0	0
XXIII.	**Profit (Losses) for the period available for appropriation** (+/-)		42300	641,169	1,703,993

APPROPRIATION ACCOUNT

		Codes	Current period	Previous period
A. Profits (Losses) to be appropriated	(+)/(-)	49100	3,201,180	2,925,279
1. Profits (Losses) for the period available for appropriation	(+)/(-)	(42300)	641,169	1,703,993
2. Profits (Losses) brought forward from the previous financial year	(+)/(-)	(21300P)	2,560,011	1,221,287
B. Transfers from equity		49200	0	0
1. From capital and share premium account		49210	0	0
2. From reserves		49220	0	0
C. Transfers to equity		49300	(32,100)	(85,200)
1. To capital and share premium account		49310	0	0
2. To the legal reserve		49320	(32,100)	(85,200)
3. To other reserves		49330	0	0
D. Result to be carried forward	(+)/(-)	49400	2,758,697	2,560,011
E. Shareholders' contribution in respect of losses		49500	0	0
F. Distribution of profits		49600	(410,383)	(280,068)
1. Dividends		49610	(386,593)	(256,118)
2. Director's entitlements		49620	0	0
3. Other allocations		49630	(23,790)	(23,951)

ANNEXE

I. STATEMENT OF LOANS AND ADVANCES TO CREDIT INSTITUTIONS (Assets caption III)

	Codes	Current period	Previous period
A. FOR THE CAPTION AS A WHOLE	(10300)	18,938,493	21,028,915
1. Loans and advances to affiliated enterprises	50101	7,083,079	8,356,648
2. Loans and advances to other enterprises linked by participating interests	50102	0	0
3. Subordinated loans and advances	50103	0	19,288
B. OTHER LOANS AND ADVANCES TO CREDIT INSTITUTIONS (with agreed maturity dates or periods of notice)	(10320)	15,879,794	11,008,212
1. Trade bills eligible for refinancing with the central bank of the country(ies) of establishment of the credit institution	50104	244,167	335,774
2. Breakdown according to the remaining maturity			
a. Up to 3 months	50105	3,355,669	
b. Over 3 months and up to 1 year	50106	2,621,138	
c. Over 1 year and up to 5 years	50107	4,001,254	
d. Over 5 years	50108	5,888,344	
e. Indeterminate period	50109	13,389	

II. STATEMENT OF LOANS AND ADVANCES TO CUSTOMERS (Assets caption IV)

	Codes	Current Period	Previous Period
1. Loans to affiliated enterprises	50201	7,217,171	6,892,849
2. Loans to other enterprises linked by participating interests	50202	420,797	349,282
3. Subordinated loans	50203	20,610	21,068
4. Trade bills eligible for refinancing with the central bank of the country or countries where the credit institution is established	50204	86,789	128,420
5. Breakdown according to the remaining maturity :			
a. Up to 3 months	50205	17,294,333	
b. Over 3 months up to 1 year	50206	8,603,387	
c. Over 1 year up to 5 years	50207	17,066,298	
d. Over 5 years	50208	36,364,442	
e. Indeterminate period	50209	8,650,330	
6. Breakdown of customer loans based on the type of debtor			
a. Claims on government	50210	6,531,844	6,343,501
b. Retail exposures	50211	10,099,301	11,020,832
c. Claims on enterprises	50212	71,347,644	56,362,508
7. Breakdown by type :			
a. Trade bills (including own acceptances)	50213	197,757	
b. Loans and advances as a result of leasing and similar agreements	50214	0	
c. Fixed-rate loans	50215	125,096	
d. Mortgage loans	50216	12,412,522	
e. Other term loans with a maturity over 1 year	50217	44,555,892	
f. Other loans and advances	50218	30,687,523	
8. Geographical breakdown			
a. Belgian origin	50219	55,457,406	
b. Foreign origin	50220	32,521,384	
9. Details of mortgage loans with reconstitution of capital or linked to life insurance and capitalization contracts			
a. Principal sums initially lent	50221	0	
b. Reconstitution fund and mathematical reserves relating to these loans	50222	0	
c. Net amount outstanding (a-b)	50223	0	

III. STATEMENT OF DEBT SECURITIES AND OTHER FIXED-INCOME SECURITIES (Assets caption V)

	Codes	Current period	Previous period
A. GENERAL STATEMENT	**(10500)**	**64,672,624**	**69,445,153**
1. Bonds and securities issued by affiliated enterprises	50301	33,079,528	33,246,250
2. Bonds and securities issued by enterprises linked by participating interests	50302	0	0
3. Bonds and securities representing subordinated loans	50303	0	0
4. Geographical breakdown of securities			
a. Belgian public issuers	50304	13,858,128	
b. Foreign public issuers	50305	8,045,633	
c. Belgian issuers other than public bodies	50306	35,500,236	
d. Foreign issuers other than public bodies	50307	7,268,627	
5. Listing			
a. Book value of listed securities	50308	17,765,181	
b. Market value of listed securities	50309	16,121,895	
c. Book value of unlisted securities	50310	46,907,443	
6. Maturities			
a. Remaining maturity of up to one year	50311	2,966,855	
b. Remaining maturity of over one year	50312	61,705,769	
7. Analysis by portfolio			
a. Trading portfolio	50313	2,849,223	
b. Investment portfolio	50314	61,823,401	
8. Trading portfolio			
a. Difference between market value (if higher) and acquisition value (for securities valued at their market value)	50315	2,664	
b. Difference between market value (if higher) and book value (for securities valued in accordance with Art. 35ter §2 para. 2)	50316	8,785	
9. Investment portfolio			
a. Difference between redemption value (if higher) and book value	50317	127,142	
b. Difference between redemption value (if lower) and book value	50318	337,313	

		Codes	Current Period	Previous period
B.	**DETAILED STATEMENT OF THE BOOK VALUE OF THE INVESTMENT PORTFOLIO AND OTHER FIXED-INCOME SECURITIES**			
1.	**As at end of the previous financial year**	50323P	xxxxxxxxxxxxxxx	67,508,794
2.	**Movements during the financial year**	50319	(5,591,172)	
a.	Acquisitions	50320	10,872,556	
b.	Transfers	50321	16,413,854	
c.	Adjustments by application of Article 35ter §4 and 5 (+/-)	50322	(49,874)	
3.	**Acquisition value as at end of financial year**	50323	61,917,622	
4.	**Transfers between portfolios**			
a.	Transfers from the investment portfolio to the trading portfolio	50324	0	
b.	Transfers from the trading portfolio to the investment portfolio	50325	0	
c.	Impact on result	50326	0	
5.	**Write-Downs at the end of the previous financial year**	50332P	xxxxxxxxxxxxxxx	123,436
6.	**Movements during the financial year**	50327	(29,215)	
a.	Recorded	50328	21,161	
b.	Excess written back	50329	56,435	
c.	Cancellations	50330	(6,059)	
d.	Transfers from one caption to another (+/-)	50331	0	
7.	**Write-downs at the end of the financial year**	50332	94,221	
8.	**Net book value at the end of the financial year**	(50314)	61,823,401	

IV. STATEMENT OF SHARES AND OTHER VARIABLE-YIELD SECURITIES (Assets caption VI)

	Codes	Currend Period	Previous Period
A. GENERAL STATEMENT	**(10600)**	**545,195**	**645,189**
1. Geographical breakdown of the issuers of securities			
a. Belgian issuers	50401	2,751	2,305
b. Foreign issuers	50402	542,444	642,884
2. Listings			
a. Bookvalue of listed securities	50403	1,673	
b. Market value of listed securities	50404	1,673	
c. Bookvalue of unlisted securities	50405	543,522	
3. Analysis by portfolio			
a. Trading portfolio	50406	0	
b. Investment portfolio	50407	545,195	
4. Trading portfolio			
a. difference between market value (if higher) and acquisition value (for securities valued at their marketvalue)	50408	0	
b. difference between market value (if higher) and carrying value (for securities valued in accordance with Article 35ter §2 paragraph 2)	50409	0	

		Codes	Current period	Previous period
B. DETAILED STATEMENT OF THE BOOKVALUE OF INVESTMENT SECURITIES AND OTHER VARIABLE SECURITIES				
1. Acquisition value as at the end of the previous financial year		5041P	xxxxxxxxxxxxxxx	898,562
2. Movements during the financial year		50410	(42,521)	
a. Acquisitions		50411	67,318	
b. Transfers		50412	99,442	
c. Other adjustments	(+/-)	50413	(10,398)	
3. Acquisition value as at end of the financial year		50414	856,040	
4. Transfers between portfolios				
a. Transfers from the investment portfolio to the trading portfolio		50415	0	
b. Transfers from the trading portfolio to the investment portfolio		50416	0	
c. Impact on result		50417	0	
5. Write-downs as at the end of the previous financial year		50423P	xxxxxxxxxxxxxxx	253,481
6. Movements during the financial year		50418	57,364	
a. Recorded		50419	103,644	
b. Excess written back		50420	27,656	
c. Cancellations		50421	18,624	
d. Transfers from one caption to another	(+)/(-)	50422	0	
7. Write-downs as at end of the financial year		50423	310,845	
8. Net bookvalue as at end of the financial year		(50407)	545,195	

V. STATEMENT OF FINANCIAL FIXED ASSETS (Assets caption VII)

	Codes	Current period	Previous period
A. GENERAL STATEMENT			
1. Breakdown of Financial Fixed Assets by economic sector			
a. Participating interests in affiliated enterprises that are credit institutions	50501	3,376,940	3,314,372
b. Participating interests in affiliated enterprises that are not credit institutions	50502	1,783,013	2,759,046
c. Participating interests in other enterprises linked by participating interests that are credit institutions	50503	0	0
d. Participating interests in other enterprises linked by participating interests that are not credit institutions	50504	2,103,235	2,386,514
e. Other shares held as financial fixed assets in enterprises that are credit institutions	50505	51	51
f. Other shares held as financial fixed assets in enterprises that are not credit institutions	50506	154,800	115,692
g. Subordinated loans on affiliated enterprises that are credit institutions	50507	396,527	346,782
h. Subordinated loans on affiliated enterprises that are not credit institutions	50508	100,000	0
i. Subordinated loans on other enterprises linked by participating interests that are credit institutions	50509	0	0
j. Subordinated loans on other enterprises linked by participating interests that are not credit institutions	50510	0	0
2. Listings			
a. Participating interests in affiliated listed enterprises	50511	369,755	
b. Participating interests in affiliated not listed enterprises	50512	4,790,198	
c. Participating interests in other enterprises linked by participating interests that are listed	50513	0	
d. Participating interests in other enterprises linked by participating interests that are not listed	50514	2,103,235	
e. Other shares held as financial fixed assets in enterprises that are listed	50515	144,293	
f. Other shares held as financial fixed assets in enterprises that are not listed	50516	10,558	
g. Amount of subordinated loans represented by listed securities.	50517	0	

	Codes	Current period	Previous period
B. DETAILED STATEMENT OF THE BOOKVALUE OF FIXED FINANCIAL ASSETS IN AFFILIATED ENTERPRISES			
1. Acquisition value at the end of the previous financial year	50522P	xxxxxxxxxxxxxxx	6,559,629
2. Movements during the financial year	50518	(951,556)	
a. Acquisitions	50519	86,547	
b. Sales and disposals	50520	1,038,110	
c. Transfers from one caption to another (+)/(-)	50521	7	
3. Acquisition value as at the end of the financial year	50522	5,608,073	
4. Surpluses at the end of the previous financial year	50528P	xxxxxxxxxxxxxxx	113,023
5. Movements during the financial year	50523	0	
a. Recorded	50524	0	
b. Acquisitions from third parties	50525	0	
c. Cancellations	50526	0	
d. Transfers from one caption to another (+)/(-)	50527	0	
6. Surpluses as at the end of the financial year	50528	113,023	
7. Write-downs as at the end of the previous financial year	50535P	xxxxxxxxxxxxxxx	599,233
8. Movements during the financial year	50529	(38,091)	
a. Recorded	50530	19,045	
b. Excess written back	50531	32,981	
c. Acquisitions from third parties	50532	0	
d. Cancellations	50533	0	
e. Transfers from one caption to another (+)/(-)	50534	(24,155)	
9. Write-downs as at end of the financial year	50535	561,142	
10. Net bookvalue as at the end of the financial year	10710	5,159,954	

		Codes	Current period	Previous period
C. DETAILED STATEMENT OF THE BOOKVALUE OF FINANCIAL FIXED ASSETS IN OTHER ENTERPRISES LINKED BY PARTICIPATING INTERESTS				
1. Acquisition value as at end of the previous financial year		50540P	xxxxxxxxxxxxxxx	2,964,312
2. Movements during the financial year		50536	508	
a. Acquisitions		50537	7,248	
b. Sales and disposals		50538	6,719	
c. Transfers from one caption to another	(+/-)	50539	(21)	
3. Acquisition value as at end of the financial year		50540	2,964,820	
4. Surpluses at the end of the previous financial year		50546P	xxxxxxxxxxxxxxx	0
5. Movements during the financial year		50541	0	
a. Recorded		50542	0	
b. Acquisitions from third parties		50543	0	
c. Cancellations		50544	0	
d. Transfers from one caption to another	(+/-)	50545	0	
6. Surpluses at the end of the financial year		50546	0	
7. Write-downs as at the end of the previous financial year		50553P	xxxxxxxxxxxxxxx	577,793
8. Movements during the financial year		50547	283,793	
a. Recorded		50548	288,327	
b. Excess written back		50549	4,534	
c. Acquisitions from third parties		50550	0	
d. Cancellations		50551	0	
e. Transfers from one caption to another	(+/-)	50552	0	
9. Write-downs as at the end of the financial year		50553	861,586	
10. Net bookvalue as at end of the financial year		10720	2,103,235	

D. DETAILED STATEMENT OF THE BOOKVALUE OF OTHER SHARES HELD AS FINANCIAL FIXED ASSETS		Codes	Current period	Previous period
1. Acquisition value as at end of the previous financial year		50558P	xxxxxxxxxxxxxxx	890,704
2. Movements during the financial year		50554	(5,215)	
a. Acquisitions		50555	280	
b. Sales and disposals		50556	5,510	
c. Transfers from one caption to another	(+/-)	50557	14	
3. Acquisition value as at end of the financial year		50558	885,489	
4. Surpluses at the end of the previous financial year		50564P	xxxxxxxxxxxxxxx	(14)
5. Movements during the financial year		50559	14	
a. Recorded		50560	0	
b. Acquisitions from third parties		50561	0	
c. Cancellations		50562	(14)	
d. Transfers from one caption to another	(+/-)	50563	0	
6. Surpleses as at end of the financial year		50564	0	
7. Write-downs as at end of the previous financial year		50571P	xxxxxxxxxxxxxxx	774,947
8. Movements during the financial year		50565	(44,308)	
a. Recorded		50566	0	
b. Excess written back		50567	41,293	
c. Acquisitions from third parties		50568	0	
d. Cancellations		50569	3,015	
e. Transfers from one caption to another	(+/-)	50570	0	
9. Write-downs as at end of the financial year		50571	730,639	
10. Net bookvalue as at end of the financial year		10730	154,850	

E. DETAILED STATEMENT OF THE BOOKVALUE OF SUBORDINATED LOANS TO AFFILIATED ENTERPRISES"		Codes	Current period	Previous period
1. Net carrying value as at end of the previous financial year		50579P	xxxxxxxxxxxxxxx	346,782
2. Movements during the financial year		50572	49,745	
a. Additions		50573	125,000	
b. Reimbursements		50574	75,000	
c. Write-downs		50575	0	
d. Amounts written back		50576	0	
e. Realized exchange gains/losses	(+)/(-)	50577	0	
f. Other	(+)/(-)	50578	(255)	
3. Net carrying value as at end of the financial year		50579	396,527	
4. Accumulated write-downs as at end of the financial year		50580	0	

F. DETAILED STATEMENT OF THE BOOKVALUE OF SUBORDINATED LOANS TO OTHER ENTERPRISES LINKED BY PARTICIPATING INTERESTS		Codes	Current period	Previous period
1. Net carrying value as at end of the previous financial year		50588P	xxxxxxxxxxxxxxx	0
2. Movements during the financial year		50581	100,000	
a. Additions		50582	100,000	
b. Reimbursements		50583	0	
c. Write-downs		50584	0	
d. Amounts written back		50585	0	
e. Realized exchange gains/losses	(+)/(-)	50586	0	
f. Other	(+)/(-)	50587	0	
3. Net carrying value as at end of the financial year		50588	100,000	
4. Accumulated write-downs as at end of the financial year		50589	0	

VI LIST OF ENTERPRISES IN WHICH THE INSTITUTION HOLDS A PARTICIPATING INTEREST

A. PARTICIPATIONS AND SOCIAL RIGHTS IN OTHER ENTITIES

List enterprises in which the enterprise holds a participating interest within the meaning of the Royal Decree of 23 September 1992 and other enterprises in which the institution holds rights in the amount of at least 10% of the capital issued.

NAME, full address of the REGISTERED OFFICE and for the enterprise governed by Belgian law, the COMPANY NUMBER	Shares held				Information from the most recent period for which annual accounts are available			
	directly			via subsidiaries	Annual accounts as at	Currency code	Own funds	Net result
	Type	Number	%	%			(+) or (-) (in thousands of monetary units)	
A2IA GROUP Paris		2,356,317	31.05		31/12/2012	EUR	9,453	116
AG INSURANCE Bruxelles BE 404.494.849		157,822	25.00		31/12/2012	EUR	1,838,183	435,407
ALPHA (MURCIA) HOLDING B.V. Amsterdam		78,000,000	100.00		31/12/2012	EUR	77,972	(28)
ALPHA CARD S.C.R.L. Watermael-Boitsfort BE 463.926.551		735,000	50.00		31/12/2012	EUR	13,636	(198)
ALPHA CREDIT S.A. Bruxelles BE 445.781.316		1,146,937	100.00		31/12/2012	EUR	32,733	21,267
ANTICLEE FINANCE Rillieux La Pape		3,370	15.18		30/06/2011	EUR	1,584	(1,565)
ASLK-CGER SERVICES (EN LIQUIDATION) Bruxelles BE 458.523.354		100	100.00			BEF	In liquidation	
BANCONTACT-MISTERCASH Bruxelles BE 884 499 250		5,123	20.00		31/12/2012	EUR	4,504	1,976
BANKING FUNDING COMPANY S.A. Bruxelles BE 884.525.182		20,586	33.47		31/12/2012	EUR	211	40
BBOF III INVESTORS B.V. Amsterdam		24,300	12.13		31/12/2010	EUR	36,998	4,143
BEDRIJVENCENTRUM VILVOORDE N.V. Dendermonde BE 438.558.081		500	19.61		31/12/2012	EUR	1,177	9
BEDRIJVENCENTRUM REGIO AALST N.V. Erembodegem BE 428.749.502		80	14.23		31/12/2012	EUR	662	(33)
BEDRIJVENCENTRUM VILVOORDE N.V. Vilvoorde BE 434.222.577		400	10.18		31/12/2012	EUR	1,458	50
BEDRIJVENCENTRUM WAASLAND N.V. Sint-Niklaas BE 427.264.214		400	16.03		31/12/2012	EUR	573	(40)
BEDRIJVENCENTRUM ZAVENTEM N.V. Zaventem BE 426.496.726		751	24.98		31/12/2012	EUR	441	67
BELGIAN MOBILE WALLET Bruxelles BE 541.659.084		5,500	50.00			EUR	Start-up phase	

NAME, full address of the REGISTERED OFFICE and for the enterprise governed by Belgian law, the COMPANY NUMBER	Shares held				Information from the most recent period for which annual accounts are available			
	directly			via subsidiaries	Annual accounts as at	Currency code	Own funds	Net result
	Type	Number	%	%			(+) or (-) (in thousands of monetary units)	
BELGOLAISE S.A. Bruxelles BE 403.200.294	(1) (2)	449,999 119,250	100.00		31/12/2012	EUR	28,759	533
BEM II Bruxelles BE 832.115.686		2,000	15.04		31/12/2012	EUR	632	(88)
BEM-FLEMISH CONSTRUCTION AND INVESTMENT COMPANY N.V. Bruxelles BE 461.612.904		2,793	12.05		31/12/2012	EUR	3,793	(180)
BGL BNP PARIBAS Luxembourg		13,989,568	50.00		31/12/2012	EUR	5,615,513	191,338
BNP PARIBAS BANK POLSKA S.A. Warszawa		23,418,013	81.62	18.27	31/12/2012	PLN	1,668,021	95,398
BNP PARIBAS FACTORING COVERAGE EUROPE HOLDING N.V. Breda		91,449	100.00		31/12/2012	EUR	116,508	64,875
BNP PARIBAS FORTIS FACTOR NV Turnhout BE 414.392.710		93,523	99.99	0.01	31/12/2011	EUR	110,448	17,744
BNP PARIBAS FORTIS FILM FINANCE Bruxelles BE 893.587.655		99	99.00	1.00	31/12/2012	EUR	231	128
BNP PARIBAS FORTIS FUNDING S.A. Luxembourg		19,999	99.99	0.01	31/12/2012	EUR	5,554	1,583
Bnp Paribas Fortis Yatirimlar Holding A.S. Istanbul		2,217,999,996	100.00		31/12/2012	TRY	2,214,015	(262)
BNP PARIBAS INVESTMENT PARTNERS Paris		408,593	28.37	4.96	31/12/2012	EUR	2,385,464	346,946
BPOST BANQUE Bruxelles BE 456.038.471		450,000	50.00		31/12/2012	EUR	231,187	7,920
CERTIFIMMO V S.A. Bruxelles BE 450.355.261		12,261	99.99	0.01	31/12/2012	EUR	7,446	551
CHINA-BELGIUM DIRECT EQUITY INVESTMENT FUND Beijing		10,000,000	10.00		31/12/2012	CNY	1,840,330	638,451
COMPTOIR AGRICOLE DE WALLONIE Namur BE 400.364.530		2,499	99.96	0.04	31/12/2012	EUR	478	99
COOPERATIEVE H2 EQUITY PARTNERS FUND III U.A. Amsterdam		7,012,843	24.07		31/12/2011	EUR	55,450	13,220
CREDISSIMO Seraing BE 403.977.482		124,999	100.00		31/12/2012	EUR	16,487	1,097
CREDISSIMO HAINAUT S.A. Tournai BE 402.495.065		465,570	99.72		31/12/2012	EUR	3,439	143

(1) Ordinary Shares

(2) VVPR Shares

NAME, full address of the REGISTERED OFFICE and for the enterprise governed by Belgian law, the COMPANY NUMBER	Shares held				Information from the most recent period for which annual accounts are available			
	directly			via subsidiaries	Annual accounts as at	Currency code	Own funds	Net result
	Type	Number	%	%			(+) or (-) (in thousands of monetary units)	
CREDIT POUR HABITATIONS SOCIALES - KREDIET VOOR SOCIALE WONINGEN Watermael-Boitsfort BE 402.204.461		70,629	77.56	5.02	31/12/2012	EUR	13,899	173
CREDIT SOCIAL DE LA PROVINCE DU BRABANT WALLON Nivelles BE 400.351.068		11,013	12.10	0.31	31/12/2012	EUR	4,450	(16)
DEMETRIS N.V. Groot-Bijgaarden BE 452.211.723		9,999	99.99	0.01	31/12/2012	EUR	2,807	1,189
DIKODI B.V. Amsterdam		42	100.00		31/12/2012	EUR	(18,490)	(497)
DISCONTOKANTOOR VAN TURNHOUT Turnhout BE 404.154.755		10,000	100.00		31/12/2012	EUR	20	8
DOMINET S.A. Warszawa		24,956	100.00		31/12/2012	PLN	284,553	(1,640)
DOMUS FLANDRIA N.V. Antwerpen BE 436.825.642		22,500	11.22		31/12/2012	EUR	19,475	1,405
EISER GLOBAL INFRASTRUCTURE FUND LTD London		0	26.50		31/12/2012	EUR	932,187	57,888
ES-FINANCE Sint-Agatha-Berchem BE 430.506.289		81,999	100.00		31/12/2012	EUR	47,641	3,289
ESTRO LLC Hengelo		2,088,640,903	10.76			EUR		
EUROPAY BELGIUM Bruxelles BE 434.197.536		13,618	39.79	0.29	31/12/2012	EUR	1,290	102
EUROPEAN CARBON FUND Luxembourg		0	10.53		31/12/2010	EUR	74,534	-
FB TRANSPORTATION CAPITAL LLC New York		5,000,000	100.00		31/12/2012	USD	188,331	101,721
FINEST S.A. Bruxelles BE 449.082.680		14,793	99.99		12/11/2012	EUR	(223)	(38)
FINTRIMO S.A. Saint-Josse-Ten-Noode BE 874.308.807		300	50.00	50.00	31/12/2012	EUR	260	1
FORTIS FUNDING LLC New York		0	100.00		31/12/2012	USD	(3,059)	-
FORTIS HOLDING MALTA LTD Gzira		2,499	99.96	0.04	31/12/2012	EUR	58,489	12,391
FORTIS LEASE IBERIA SA Madrid		1,170,000	21.39	78.61	31/12/2012	EUR	(14,544)	(8,902)
FORTIS PRIVATE EQUITY ASIA FUND S.A. Bruxelles BE 866.161.894		22,199	100.00		31/12/2012	EUR	2,088	1,140

NAME, full address of the REGISTERED OFFICE and for the enterprise governed by Belgian law, the COMPANY NUMBER	Shares held				Information from the most recent period for which annual accounts are available			
	directly			via subsidiaries	Annual accounts as at	Currency code	Own funds	Net result
	Type	Number	%	%			(+) or (-) (in thousands of monetary units)	
FORTIS PRIVATE EQUITY BELGIUM N.V. Bruxelles BE 421.883.286		557,866	100.00		31/12/2012	EUR	158,041	14,389
FORTIS PRIVATE EQUITY FRANCE FUND Strasbourg		50,000,000	99.90		31/12/2012	EUR	3,396	(1,188)
FORTIS PRIVATE REAL ESTATE HOLDING S.A. Luxembourg		700	100.00		31/12/2012	EUR	2,468	54
FPRE MANAGEMENT (BELGIUM) SA Bruxelles BE 871.937.750		148,501	99.58	0.42	31/12/2012	EUR	793	(439)
FSCHOLEN Sint-Joost-Ten-Node BE 825.836.125		8,925	50.00	50.00	31/12/2012	EUR	17,851	22
FV HOLDING N.V. Etterbeek BE 810.422.825		17,504,600	40.00		31/12/2011	EUR	13,122	(16,019)
GENERALE BRANCH (NOMINEES) LIMITED London		99	99.00	1.00	31/12/2010	GBP	100	-
GENFINANCE INTERNATIONAL S.A. Bruxelles BE 421.429.267		19,999	99.99	0.01	31/12/2012	EUR	1,240	27
GERMAN EQUITY PARTNERS III, GMBH & CO Francfort		0	14.49		31/12/2010	EUR	42,468	-
GREENSPRING GLOBAL PARTNERS II, L.P. Owings Mills		0	16.24		31/12/2010	USD	115,597	-
GUDRUN XPERT N.V. Bruxelles BE 477.315.422		5,200	26.00		31/12/2012	EUR	737	71
HERACLES S.C. Charleroi BE 427.178.892		4,500	13.55		31/12/2012	EUR	609	267
HEXATEN Bruxelles BE 464.671.867		836,578	100.00		30/06/2013	EUR	1,971	(11,067)
IMMO KOLONEL BOURGSTRAAT Bruxelles BE 461.139.879		1,250	50.00		31/12/2012	EUR	(10,234)	(593)
IMMO-BEAULIEU Bruxelles BE 450.193.133		500	25.00		16/06/2012	EUR	68	108
IMMOBILIERE DISTRI-LAND N.V. Bruxelles BE 436.440.909		156	12.48		31/12/2012	EUR	279	10
IMMOBILIERE SAUVENIERE S.A. Bruxelles BE 403.302.739		15,741	99.99	0.01	31/12/2012	EUR	18,225	3,034
IMMOLOUNEUVE Bruxelles BE 416.030.426		1,000	50.00	50.00	31/12/2012	EUR	107	6

NAME, full address of the REGISTERED OFFICE and for the enterprise governed by Belgian law, the COMPANY NUMBER	Shares held				Information from the most recent period for which annual accounts are available			
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	Type	Number	%	%			(+) or (-) (in thousands of monetary units)	
INNOVATION ET DEVELOPPEMENT EN BRABANT WALLON Louvain La Neuve BE 460.658.938		3,500	16.32		31/12/2012	EUR	2,285	2
ISABEL S.A./N.V. Bruxelles BE 455.530.509		253,322	25.33		31/12/2012	EUR	12,159	(1,396)
LANDBOUWKANTOOR VAN VLAANDEREN N.V. Kortrijk BE 405.460.889		499	99.80	0.20	31/12/2012	EUR	699	188
LE CREDIT SOCIAL DE TUBIZE S.A. Tubize BE 400.344.140		400	11.43		31/12/2010	EUR	117	(125)
LE CREDIT SOCIAL ET LES PETITS PROPRIETAIRES REUNIS Châtelet BE 401.609.593		3,347	12.38		31/12/2012	EUR	2,861	(12)
LE PETIT PROPRIETAIRE S.A. Woluwe-Saint-Lambert BE 403.290.366		690	11.60		31/12/2012	EUR	687	(2)
MARGARET, INC. Atlanta		500	100.00		31/12/2012	USD	176,293	319
MEESPIERSON PRIVATE BELGIAN OFFICES CV Bruxelles BE 870.419.996		191	99.48	0.52	31/12/2012	EUR	8,945	(7,152)
MICROSTART Saint-Gilles BE 829.081.071		24,500	76.32		31/12/2012	EUR	1,967	(591)
NUEVE-9 Barcelona		195,078	39.18			EUR		
PARK DE HAAN N.V. Bruxelles BE 438.533.436		300	15.00		31/12/2011	EUR	180	(29)
PENTA FUND 1 LTD PARTNERSHIP United Kingdom		0	12.28		31/12/2012	GBP	20,772	-
PSF Weyersheim		215	11.94		31/12/2011	EUR	8,413	(1,723)
RASKIN IMMOBILIERE SA Heusy Verviers BE 450.678.727		450	30.00		31/12/2012	EUR	144	46
Renoir Cdo B.V. Amsterdam		18	100.00		31/12/2012	EUR	18	9
ROBERTSAU INVESTISSEMENT Strasbourg		26,550	21.62		31/12/2012	EUR	69	(46)
RR 60 Saint-Josse-Ten-Noode BE 508.867.938		80	80.00	20.00	30/09/2013	EUR	Start-up phase	

NAME, full address of the REGISTERED OFFICE and for the enterprise governed by Belgian law, the COMPANY NUMBER	Shares held				Information from the most recent period for which annual accounts are available			
	directly			via subsidiaries	Annual accounts as at	Currency code	Own funds	Net result
	Type	Number	%	%			(+) or (-) (in thousands of monetary units)	
S.A. Berlaymont 2000 N.V. Bruxelles BE 441.629.617		150	9.93		31/12/2012	EUR	17,636	(187)
SEAVI ADVENT EQUITY V (CAYMAN) LP Grand Cayman		0	23.58		31/12/2011	USD	25,186	(537)
SECOYA PRIVATE EQUITY INVESTMENTS GENERAL PARTNER Luxembourg		250	100.00		31/12/2012	EUR	25	-
SHENERGY GROUP FINANCE COMPANY LIMITED Shanghai		100,000,000	10.00		31/12/2012	CNY	1,245,675	126,012
SINT-JOZEFSKREDIETMAATSCHAPPIJ N.V. Beringen BE 401.349.970		522	11.93		31/12/2012	EUR	23,075	842
Societe Belge D'Investissement International S.B.I. - Belgische Maatschappij Voor Internationale Investeringen B.M.I Bruxelles BE 411.892.088		2,595	19.51		31/12/2012	EUR	35,566	55
SOWO INVEST S.A. / N.V. Bruxelles BE 877.279.282		875	87.50		31/12/2012	EUR	1,016	484
TOUS PROPRIETAIRES S.A. Erquelinnes BE 401.731.339		43,425	16.82		31/12/2012	EUR	6,962	293
VIA-ZAVENTEM N.V. Bruxelles BE 892.742.765		5,100	51.00		31/12/2012	EUR	165	(35)
VISA BELGIUM SRCL Bruxelles BE 435.551.972		44	24.58	1.12	30/09/2012	EUR	258	73
VON ESSEN GMBH & CO. KG BANKGESELLSCHAFT Essen		1	100.00		31/12/2011	EUR	133,334	32,541

B. LIST OF ENTITIES FOR WHICH THE INSTITUTION HAS UNLIMITED LIABILITY IN ITS CAPACITY OF FULLY LIABLE PARTNER OR MEMBER

The annual accounts of any enterprise to which the enterprise is unlimited liable will be added to the present financial statements and published jointly, unless the reason why the requirement is not met, is mentionned in the 2nd column referring to the appropriate code (A, B or C) explained hereafter.

The annual accounts of the enterprise:

A. are published by deposit with the National Bank of Belgium;
B. are effectively published in another Member State of the EEC as laid down in Article 3 of the Directive 2009/101/EC;
C. are proportionally or fully consolidated in the reporting institution's accounts which have been prepared audited and published in accordance with the Royal Decree of September 23rd 1992 on the consolidated accounts of institutions, investment firms and management companies of collective investments.

Name and full address of the registered office and, for enterprises governed by Belgian law, the VAT number or national identification number	Code, if any
ASLK-CGER Services, rue du Fossé-aux-loups 48, 1000 Bruxelles BE 458.523.354	

Nr	BE 0403.199.702	F-estb 5.7.1

VII. STATEMENT OF FORMATION EXPENSES AND INTANGIBLE FIXED ASSETS (heading VIII of the assets)

		Codes	Current period	Previous period
A. FORMATION EXPENSES				
1. Net bookvalue as at the end of the previous financial year		50705P	xxxxxxxxxxxxxxx	0
2. Movements during the financial year		50701	0	
a. New expenses incurred		50702	0	
b. Amortization		50703	0	
c. Other	(+)/(-)	50704	0	
3. Net bookvalue as at the end of the financial year		50705	0	
4. Of which				
a. Expenses of formation or capital increase, loan issue expenses and other formation expenses		50706	0	
b. Reorganization costs		50707	0	

N°	BE 0403.199.702	F-estb 5.7.2

		Codes	Current period	Previous period
B. GOODWILL				
1. Acquisition value as at end of the previous financial year		50712P	xxxxxxxxxxxxxxx	89,919
2. Movements during the financial year		50708	331,625	
a. Acquisitions, including own construction		50709	341,619	
b. Sales and disposals		50710	9,994	
c. Transfers from one caption to another	(+)/(-)	50711	0	
3. Acquisition value as at end of the financial year		50712	421,543	
4. Amortizations and write-downs as at the end of the previous financial year		50719P	xxxxxxxxxxxxxxx	66,415
5. Movements during the financial year		50713	36,728	
a. Recorded		50714	46,723	
b. Excess written back		50715	0	
c. Acquisitions from third parties		50716	0	
d. Cancellations		50717	9,995	
e. Transfers from one caption to another	(+/-)	50718	0	
6. Amortizations and write-downs as at end of the financial year		50719	103,142	
7. Net bookvalue as at end of the financial year		50720	318,401	

N°	BE 0403.199.702	F-estb 5.7.3

	Codes	Current period	Previous period
C. COMMISSIONS PAID FOR ATTRACTING NEW BUSINESS WITH CUSTOMERS			
1. Acquisition value as at end of the previous financial year	50725P	xxxxxxxxxxxxxxx	0
2. Movements during the financial year	50721	0	
a. Acquisitions, including own construction	50722	0	
b. Sales and disposals	50710	0	
c. Transfers from one caption to another (+)/(-)	50724	0	
3. Acquisition value as at end of the financial year	50725	0	
4. Amortizations and write-downs as at end of the previous financial year	50732P	xxxxxxxxxxxxxxx	0
5. Movements during the financial year	50726	0	
a. Recorded	50727	0	
b. Excess written back	50728	0	
c. Acquisitions from third parties	50729	0	
d. Cancellations	50730	0	
e. Transfers from one caption to another (+)/(-)	50731	0	
6. Amortizations and write-downs as at end of the financial year	50732	0	
7. Net bookvalue as at end of the financial year	50733	0	

N°	BE 0403.199.702	F-estb 5.7.4

	Codes	Current period	Previous period
D. OTHER INTANGIBLE FIXED ASSETS			
1. Acquisition value as at end of the previous financial year	50738P	xxxxxxxxxxxxxxx	73,802
2. Movements during the financial year	50734	(218)	
a. Acquisitions, including own construction	50735	3,545	
b. Sales and disposals	50736	3,762	
c. Transfers from one caption to another (+)/(-)	50737	0	
3. Acquisition value as at end of the financial year	50738	73,584	
4. Amortizations and write-downs as at end of the previous financial year	50745P	xxxxxxxxxxxxxxx	61,433
5. Movements during the financial year	50739	916	
a. Recorded	50740	5,197	
b. Excess written back	50741	0	
c. Acquisitions from third parties	50742	26	
d. Cancellations	50743	4,308	
e. Transfers from one caption to another (+)/(-)	50744	0	
6. Amortizations and write-downs as at end of the financial year	50745	62,349	
7. Net bookvalue as at end of the financial year	50746	11,235	

N°	BE 0403.199.702	F-estb 5.8.1

VIII. STATEMENT OF THE TANGIBLE FIXED ASSETS (Assets caption IX)

		Codes	Current period	Previous period
A. LANDS AND BUILDINGS				
1. Acquisition value as at end of the previous financial year		50805P	xxxxxxxxxxxxxxx	1,708,584
2. Movements during the financial year	(+)/(-)	50801	53,192	
a. Acquisition, including own construction		50802	14,685	
b. Sales and disposals		50803	12,728	
c. Transfers from one caption to another	(+)/(-)	50804	51,234	
3. Acquisition value as at end of the financial year		50805	1,761,776	
4. Capital gains as at end of the previous financial year		50811P	xxxxxxxxxxxxxxx	196,609
5. Movements during the financial year	(+)/(-)	50806	(634)	
a. Recorded		50807	0	
b. Acquisitions from third parties		50808	0	
c. Cancellations		50809	634	
d. Transfers from one caption to another	(+)/(-)	50810	0	
6. Capital gains as at end of the financial year		50811	195,975	
7. Amortizations and write-downs as at end of the previous financial year		50818P	xxxxxxxxxxxxxxx	1,234,888
8. Movements during the financial year	(+)/(-)	50812	38,345	
a. Recorded		50813	47,392	
b. Excess written back		50814	0	
c. Acquisitions from third parties		50815	0	
d. Cancellations		50816	9,155	
e. Transfers from one caption to another	(+)/(-)	50817	108	
9. Amortizations and write-downs as at end of the financial year		50818	1,273,233	
10. Net bookvalue as at end of the financial year		50819	684,518	

B. INSTALLATIONS, MACHINES AND EQUIPMENT		Codes	Current period	Previous period
1. Acquisition value as at end of the previous financial year		50824P	xxxxxxxxxxxxxxx	249,580
2. Movements during the financial year	(+)/(-)	50820	16,522	
a. Acquisition, including own construction		50821	27,376	
b. Sales and disposals		50822	11,924	
c. Transfers from one caption to another	(+)/(-)	50823	1,071	
3. Acquisition value as at end of the financial year		50824	266,102	
4. Capital gains as at end of the previous financial year		50830P	xxxxxxxxxxxxxxx	0
5. Movements during the financial year	(+)/(-)	50825	0	
a. Recorded		50826	0	
b. Acquisitions from third parties		50827	0	
c. Cancellations		50828	0	
d. Transfers from one caption to another	(+)/(-)	50829	0	
6. Capital gains as at end of the financial year		50830	0	
7. Amortization and write-downs as at end of the previous financial year		50837P	xxxxxxxxxxxxxxx	202,077
8. Movements during the financial year	(+)/(-)	50831	11,574	
a. Recorded		50832	17,395	
b. Excess written back		50833	0	
c. Acquisitions from third parties		50834	774	
d. Cancellations		50835	7,314	
e. Transfers from one caption to another	(+)/(-)	50836	0	
9. Amortizations and write-downs as at end of the financial year		50837	213,651	
10. Net bookvalue as at end of the financial year		50838	52,451	

		Codes	Current period	Previous period
C. FURNITURE AND VEHICLES				
1. Acquisition value as at end of the previous financial year		50843P	xxxxxxxxxxxxxxx	199,107
2. Movements during the financial year	(+)/(-)	50839	3,752	
a. Acquisition, including own construction		50840	9,198	
b. Sales and disposals		50841	4,488	
c. Transfers from one caption to another	(+)/(-)	50842	(957)	
3. Acquisition value as at end of the financial year		50843	202,860	
4. Capital gains as at end of the previous financial year		50849P	xxxxxxxxxxxxxxx	0
5. Movements during the financial year	(+)/(-)	50844	0	
a. Recorded		50845	0	
b. Acquisitions from third parties		50846	0	
c. Cancellations		50847	0	
d. Transfers from one caption to another	(+)/(-)	50848	0	
6. Capital gains as at end of the financial year		50849	0	
7. Amortizations and write-downs as at end of the previous financial year		50856P	xxxxxxxxxxxxxxx	127,554
8. Movements during the financial year	(+)/(-)	50850	11,463	
a. Recorded		50851	14,878	
b. Excess written back		50852	0	
c. Acquisitions from third parties		50853	418	
d. Cancellations		50854	3,113	
e. Transfers from one caption to another	(+)/(-)	50855	(720)	
9. Amortizations and write-downs as at end of the financial year		50856	139,017	
10. Net bookvalue as at end of the financial year		50857	63,843	

		Codes	Current period	Previous period
D. LEASING AND SIMILAR RIGHTS				
1. Acquisition value as at end of the previous financial year		50862P	xxxxxxxxxxxxxxx	0
2. Movements during the financial year	(+)/(-)	50858	0	
a. Acquisition, including own construction		50859	0	
b. Sales and disposals		50860	0	
c. Transfers from one caption to another	(+)/(-)	50861	0	
3. Acquisition value as at end of the financial year		50862	0	
4. Capital gains as at end of the previous financial year		50868P	xxxxxxxxxxxxxxx	0
5. Movements during the financial year	(+)/(-)	50863	0	
a. Recorded		50864	0	
b. Acquisitions from third parties		50865	0	
c. Cancellations		50866	0	
d. Transfers from one caption to another	(+)/(-)	50867	0	
6. Capital gains as at end of the financial year		50868	0	
7. Amortizations and write-downs as at end of the previous financial year		50875P	xxxxxxxxxxxxxxx	0
8. Movements during the financial year	(+)/(-)	50869	0	
a. Recorded		50870	0	
b. Excess written back		50871	0	
c. Acquisitions from third parties		50872	0	
d. Cancellations		50873	0	
e. Transfers from one caption to another	(+)/(-)	50874	0	
9. Amortizations and write-downs as at end of the financial year		50875	0	
10. Net bookvalue as at end of the financial year		50876	0	
11. Of which				
a. Land and buildings		50877	0	
b. Plant, machinery and equipment		50878	0	
c. Furniture and vehicles		50879	0	

		Codes	Current period	Previous period
E. OTHER TANGIBLE FIXED ASSETS				
1. Acquisition value as at end of the previous financial year		50884P	xxxxxxxxxxxxxxx	348,819
2. Movements during the financial year	(+)/(-)	50880	(17,375)	
a. Acquisition, including own construction		50881	7,563	
b. Sales and disposals		50882	38,768	
c. Transfers from one caption to another	(+)/(-)	50883	13,830	
3. Acquisition value as at end of the financial year		50884	331,443	
4. Capital gains as at end of the previous financial year		50890P	xxxxxxxxxxxxxxx	9,736
5. Movements during the financial year	(+)/(-)	50885	(915)	
a. Recorded		50886	0	
b. Acquisitions from third parties		50887	0	
c. Cancellations		50888	915	
d. Transfers from one caption to another	(+)/(-)	50889	0	
6. Capital gains as at end of the financial year		50890	8,821	
7. Amortizations and write-downs as at end of the previous financial year		50897P	xxxxxxxxxxxxxxx	203,219
8. Movements during the financial year	(+)/(-)	50891	1,720	
a. Recorded		50892	24,376	
b. Excess written back		50893	0	
c. Acquisitions from third parties		50894	664	
d. Cancellations		50895	23,175	
e. Transfers from one caption to another	(+)/(-)	50896	(145)	
9. Amortizations and write-downs as at end of the financial year		50897	204,939	
10. Net bookvalue as at end of the financial year		50898	135,324	

		Codes	Current period	Previous period
F. FIXED ASSETS UNDER CONSTRUCTION AND ADVANCE PAYMENTS				
1. Acquisition value as at end of the previous financial year		50903P	xxxxxxxxxxxxxxx	95,065
2. Movements during the financial year	(+)/(-)	50899	(21,028)	
a. Acquisition, including own construction		50900	44,149	
b. Sales and disposals		50901	0	
c. Transfers from one caption to another	(+)/(-)	50902	(65,177)	
3. Acquisition value as at end of the financial year		50903	74,037	
4. Capital gains as at end of the previous financial year		50909P	xxxxxxxxxxxxxxx	0
5. Movements during the financial year	(+)/(-)	50904	0	
a. Recorded		50905	0	
b. Acquisitions from third parties		50906	0	
c. Cancellations		50907	0	
d. Transfers from one caption to another	(+)/(-)	50908	0	
6. Capital gains as at end of the financial year		50909	0	
7. Amortization and write-downs as at end of the previous financial year		50916P	xxxxxxxxxxxxxxx	0
8. Movements during the financial year	(+)/(-)	50910	0	
a. Recorded		50911	0	
b. Excess written back		50912	0	
c. Acquisitions from third parties		50913	0	
d. Cancellations		50914	0	
e. Transfers from one caption to another	(+)/(-)	50915	0	
9. Amortizations and write-downs as at end of the financial year		50916	0	
10. Net bookvalue as at end of the financial year		50917	74,037	

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IX. OTHER ASSETS (Assets caption XI)

	Current period
Breakdown (if the amount in this caption is significant)	
Premiums paid in advance on derivatives and Forex	1,267,167
Suspense accounts	949,721
Claims on invoices	183,463
Tax recovery	94,768
Social claim	12,760
Others	63,315
Property held for resale	1,085
Outstanding deposits in cash	2,403

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X. DEFERRED CHARGES AND ACCRUED INCOME (Assets caption XII)

	Codes	Current Period
1. Deferred charges	51001	48,855
2. Accrued income	51002	7,435,364

X.bis REINVESTMENT OF SEGREGATED CUSTOMER FUNDS

	Codes	Current period
Total	51003	0

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XI. STATEMENT OF AMOUNTS OWED TO CREDIT INSTITUTIONS (Liabilities caption I)

	Codes	Current Period	Previous period
1. Amounts owed to affiliated enterprises	51101	1,947,641	3,383,263
2. Amounts owed to other enterprises linked by participating interests	51102	0	0
3. Breakdown of debts other than on sight according to their remaining maturity			
a. Up to 3 months	51103	5,693,814	
b. Over 3 months up to 1 year	51104	477,110	
c. Over 1 year up to 5 years	51105	808,902	
d. Over 5 years	51106	794,043	
e. Indeterminate period	51107	0	

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XII. STATEMENT OF AMOUNTS OWED TO CUSTOMERS (Liabilities caption II)

		Codes	Current Period	Previous period
1.	**Amounts owed to affiliated enterprises**	51201	4,790,074	6,586,449
2.	**Amounts owed to other enterprises linked by participating interests**	51202	2,633,131	2,361,740
3.	**Breakdown according to their remaining maturity**			
a.	At sight	51203	43,978,378	
b.	Up to 3 months	51204	17,629,510	
c.	Over 3 months up to 1 year	51205	2,089,497	
d.	Over 1 year up to 5 years	51206	6,748,503	
e.	Over 5 years	51207	6,233,038	
f.	Indeterminate period	51208	60,934,627	
4.	**Breakdown of debt owed to customers depending on the nature of the debtors**			
a.	Debts owed to governments	51209	4,790,838	3,401,183
b.	Debts owed to private persons	51210	65,380,941	61,268,818
c.	Debts owed to enterprises	51211	67,441,774	54,371,543
5.	**Geographical breakdown of debt owed to customers**			
a.	Of Belgian origin	51212	106,699,494	
b.	Of foreign origin	51213	30,914,059	

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XIII. STATEMENT OF DEBTS EVIDENCED BY CERTIFICATES (Liabilities caption III)

		Codes	Current period	Previous period
1.	**Debts represented by a certificate that, to the knowledge of the institution, are debts owed to affiliated companies.**	51301	191,293	190,375
2.	**Debts represented by a certificate that, to the knowledge of the institution, are debts owed to other companies linked by participating interests.**	51302	0	0
3.	**Breakdown of debts represented by certificates in accordance to their remaining maturity.**			
a.	Up to 3 months	51303	1,866,930	
b.	Over 3 months up to 1 year	51304	5,794,493	
c.	Over 1 year up to 5 years	51305	4,446,960	
d.	Over 5 years	51306	583,304	
e.	Indeterminate period	51307	916,642	

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XIV. STATEMENT OF OTHER DEBTS (Liabilities caption IV)

	Codes	Current period
1. Taxes, remuneration and social security charges due to the tax authorities:	51401	41,231
a. Overdue debts	51402	0
b. Unmatured debts	51403	41,231
2. Taxes, remuneration and social security charges due to the National Social Security Office	51404	109,343
a. Overdue debts	51405	0
b. Unmatured debts	51406	109,343
3. Taxes		
a. Taxes payable	51407	0
b. Estimated taxes payable	51408	610
4. Other debts		
Breakdown if the amount in this caption is significant		
Others		44,413
Premiums received on financial derivatives		1,065,065
Suspense accounts		2,109,718
Debts - suppliers		47,524
Debts resulting from the allocation of profit		390,406
Revaluation of the funding of participations in foreign currency		10,330
Wage debts		419,340

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XV. ACCRUED CHARGES AND DEFERRED INCOME (Liabilities caption V)

	Codes	Current period
1. Accrued charges	51501	4,933,370
2. Deferred income	51502	180,004

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XVI. PROVISIONS FOR OTHER RISKS AND CHARGES (Liabilities VI.A.3)

	Current period
Breakdown of Liabilities VI.A.3 if the amounts in this caption are significant	
Others provisions	6,683
Provision for unsettled claims	103,349
Provision for commitments	204,947
Provision for personnel expenses	209,521

XVII. STATEMENT OF SUBORDINATED DEBTS (Liabilities caption VIII)

	Codes	Exercice	Exercice précédent
1 . Subordinated debts due to affiliated enterprises	51701	1,706,342	1,878,438
2 . Subordinated debts due to other enterprises linked by participating interests	51702	0	0

	Codes	Exercice
3 . Charges as a result of subordinated liabilities	51703	397,561

4 . For each subordinated loan, the following: reference number, the ISO code of the currency, the amount of borrowing in the currency of the loan, the renumeration arrangements, timing and, if due determined , terms of duration, if the circumstances under which the institution is obligated to repay in advance the conditions of subordination, and if the conditions of convertibility in capital or some other form of liability.

Reference Number	Currency	Amount (in 000)	Interest Rates	Maturity date or conditions governing the maturity	a) circumstances in which the enterprise is required to repay the loan b) Conditions for the subordination c) Conditions for the conversion into capital
1	EUR	10,500	0.47%	29/06/2021	-
2	EUR	25,000	1.16%	18/06/2018	-
3	EUR	10,000	1.22%	02/01/2018	-
4	EUR	50,000	3.20%	17/06/2015	-
5	EUR	4,771	3.35%	01/07/2015	-
6	EUR	5,211	3.35%	01/08/2015	-
7	EUR	5,153	3.35%	01/09/2015	-
8	EUR	7,107	3.35%	01/10/2015	-
9	EUR	4,632	3.35%	01/11/2015	-
10	EUR	1,125	3.35%	01/12/2015	-
11	EUR	1,361	3.50%	01/03/2015	-
12	EUR	6,584	3.50%	01/04/2015	-
13	EUR	109	3.50%	01/05/2015	-
14	EUR	20,000	3.58%	01/07/2015	-
15	EUR	1,993	3.60%	01/03/2015	-
16	EUR	188	3.60%	01/04/2015	-
17	EUR	2,109	3.60%	01/05/2015	-
18	EUR	6,209	3.60%	01/06/2015	-
19	EUR	6,460	3.60%	01/07/2015	-
20	EUR	1,483	3.60%	01/02/2017	-
21	EUR	1,287	3.60%	01/03/2017	-
22	EUR	10,000	3.63%	06/02/2014	-
23	EUR	5,022	3.65%	01/12/2015	-
24	EUR	9,611	3.65%	01/01/2016	-
25	EUR	7,074	3.65%	01/02/2016	-
26	EUR	3,551	3.65%	01/03/2016	-
27	EUR	430	3.65%	01/04/2016	-
28	EUR	4,478	3.70%	01/04/2016	-
29	EUR	374	3.70%	01/05/2016	-
30	EUR	1,917	3.70%	01/01/2017	-
31	EUR	3,532	3.70%	01/02/2017	-
32	EUR	22,000	3.74%	29/07/2015	-
33	EUR	13,000	3.78%	05/01/2014	-
34	EUR	3	3.80%	01/01/2016	-
35	EUR	8,340	3.85%	01/01/2015	-
36	EUR	5,965	3.85%	01/02/2015	-
37	EUR	4,064	3.85%	01/03/2015	-
38	EUR	14,019	3.85%	01/05/2015	-
39	EUR	42	3.85%	01/06/2015	-
40	EUR	5,000	3.87%	06/03/2018	-
41	EUR	25,000	3.88%	31/03/2015	-
42	EUR	5,209	3.90%	01/04/2014	-
43	EUR	3,466	3.90%	01/05/2014	-
44	EUR	23	3.90%	01/06/2014	-
45	EUR	2,517	3.90%	01/12/2016	-
46	EUR	6,665	3.90%	01/01/2017	-
47	EUR	10,000	3.90%	06/02/2018	-
48	EUR	17,000	3.95%	01/01/2014	-
49	EUR	11,450	3.95%	01/02/2014	-
50	EUR	31	3.95%	01/03/2014	-
51	EUR	2,880	4.00%	01/02/2014	-
52	EUR	6,375	4.00%	01/03/2014	-
53	EUR	2,739	4.00%	01/04/2014	-
54	EUR	100,000	4.00%	31/12/2014	-
55	EUR	4,040	4.00%	01/05/2016	-
56	EUR	3,789	4.00%	01/06/2016	-

Reference Number	Currency	Amount (in 000)	Interest Rates	Maturity date or conditions governing the maturity	a) circumstances in which the enterprise is required to repay the loan b) Conditions for the subordination c) Conditions for the conversion into capital
57	EUR	2,514	4.00%	01/07/2016	-
58	EUR	11	4.00%	01/08/2016	-
59	EUR	772	4.00%	01/11/2016	-
60	EUR	9,674	4.00%	01/12/2016	-
61	EUR	7,937	4.05%	01/11/2014	-
62	EUR	11,698	4.05%	01/12/2014	-
63	EUR	5,642	4.05%	01/01/2015	-
64	EUR	8,184	4.10%	01/02/2014	-
65	EUR	29	4.10%	01/03/2014	-
66	EUR	16,463	4.10%	01/04/2014	-
67	EUR	12,030	4.10%	01/05/2014	-
68	EUR	4,885	4.10%	01/06/2014	-
69	EUR	41	4.10%	01/07/2014	-
70	EUR	23	4.10%	01/12/2015	-
71	EUR	48	4.10%	01/01/2016	-
72	EUR	13	4.10%	01/02/2016	-
73	EUR	50,000	4.12%	11/04/2015	-
74	EUR	11,440	4.15%	01/10/2016	-
75	EUR	7,487	4.15%	01/11/2016	-
76	EUR	7,638	4.15%	01/12/2016	-
77	EUR	7,658	4.15%	01/01/2017	-
78	EUR	6,650	4.15%	01/02/2017	-
79	EUR	97	4.15%	01/03/2017	-
80	EUR	31	4.15%	01/01/2019	-
81	EUR	101	4.15%	01/02/2019	-
82	EUR	9,502	4.20%	01/06/2014	-
83	EUR	5,155	4.20%	01/07/2014	-
84	EUR	3,934	4.20%	01/08/2014	-
85	EUR	7,660	4.20%	01/09/2014	-
86	EUR	15,800	4.20%	01/10/2014	-
87	EUR	3,117	4.20%	01/11/2014	-
88	EUR	49,950	4.20%	29/12/2016	-
89	EUR	3,375	4.20%	01/04/2017	-
90	EUR	2,819	4.20%	01/05/2017	-
91	EUR	956	4.20%	01/06/2017	-
92	EUR	5	4.20%	01/07/2017	-
93	EUR	2,548	4.20%	01/01/2020	-
94	EUR	4,296	4.20%	01/02/2020	-
95	EUR	3,787	4.20%	01/03/2020	-
96	EUR	9,759	4.25%	01/02/2014	-
97	EUR	25,262	4.25%	01/03/2014	-
98	EUR	16,570	4.25%	01/04/2014	-
99	EUR	50,000	4.25%	11/07/2016	-
100	EUR	3,242	4.25%	01/10/2016	-
101	EUR	49,700	4.25%	25/10/2016	-
102	EUR	23,959	4.25%	01/11/2016	-
103	EUR	49,610	4.25%	28/11/2016	-
104	EUR	500,000	4.25%	23/03/2021	23/03/2016
105	EUR	10,358	4.30%	01/06/2014	-
106	EUR	4,956	4.30%	01/07/2014	-
107	EUR	1,661	4.30%	01/12/2019	-
108	EUR	4,404	4.30%	01/01/2020	-
109	EUR	8,331	4.35%	01/08/2016	-
110	EUR	10,329	4.35%	01/09/2016	-
111	EUR	15,744	4.35%	01/10/2016	-
112	EUR	4,070	4.35%	01/02/2017	-
113	EUR	4,612	4.35%	01/03/2017	-
114	EUR	1,813	4.35%	01/04/2017	-
115	EUR	50,000	4.38%	01/06/2016	-
116	EUR	49,860	4.40%	21/02/2017	-
117	EUR	49,950	4.40%	04/05/2017	-
118	EUR	37,709	4.40%	01/01/2014	-
119	EUR	1,913	4.40%	01/02/2014	-
120	EUR	8,735	4.40%	01/07/2014	-
121	EUR	8,151	4.40%	01/08/2014	-
122	EUR	8,724	4.40%	01/08/2016	-
123	EUR	15,535	4.40%	01/09/2016	-
124	EUR	1,241	4.40%	01/10/2016	-
125	EUR	2,895	4.40%	01/06/2017	-
126	EUR	553	4.40%	01/07/2017	-
127	EUR	136	4.40%	01/12/2018	-
128	EUR	149	4.40%	01/01/2019	-
129	EUR	230	4.40%	01/11/2019	-
130	EUR	5,034	4.40%	01/12/2019	-
131	EUR	15,525	4.50%	01/07/2014	-
132	EUR	3,897	4.50%	01/08/2014	-
133	EUR	777	4.50%	01/02/2015	-
134	EUR	6,952	4.50%	01/03/2015	-
135	EUR	13,740	4.50%	01/04/2015	-
136	EUR	3,943	4.50%	01/05/2015	-
137	EUR	262	4.50%	01/06/2015	-
138	EUR	5,685	4.50%	01/07/2016	-
139	EUR	5,293	4.50%	01/08/2016	-
140	EUR	49,900	4.50%	26/02/2017	-
141	EUR	98	4.50%	01/02/2019	-
142	EUR	334	4.50%	01/03/2019	-
143	EUR	8,635	4.55%	01/09/2014	-
144	EUR	16,617	4.55%	01/10/2014	-
145	EUR	18,179	4.55%	01/11/2014	-
146	EUR	27,130	4.55%	01/12/2014	-
147	EUR	220	4.55%	01/01/2015	-
148	EUR	49,960	4.60%	30/03/2017	-
149	EUR	4,509	4.60%	01/07/2017	-
150	EUR	725	4.60%	01/08/2017	-
151	EUR	100,000	4.63%	01/10/2014	-
152	EUR	50,000	4.63%	29/08/2016	-
153	EUR	3,000	4.63%	27/10/2049	27/10/2014
154	EUR	997,000	4.63%	29/10/2049	27/10/2014
155	EUR	1,042	4.65%	01/10/2019	-
156	EUR	9,633	4.65%	01/11/2019	-

Reference Number	Currency	Amount (in 000)	Interest Rates	Maturity date or conditions governing the maturity	a) circumstances in which the enterprise is required to repay the loan b) Conditions for the subordination c) Conditions for the conversion into capital
157	EUR	14,695	4.70%	01/08/2014	-
158	EUR	12,646	4.70%	01/09/2014	-
159	EUR	618	4.70%	01/01/2015	-
160	EUR	19,921	4.70%	01/02/2015	-
161	EUR	56	4.70%	01/03/2015	-
162	EUR	4,109	4.70%	01/09/2017	-
163	EUR	7,769	4.70%	01/10/2017	-
164	EUR	5,842	4.70%	01/11/2017	-
165	EUR	8,237	4.70%	01/12/2017	-
166	EUR	135	4.70%	01/01/2018	-
167	EUR	273	4.70%	01/02/2018	-
168	EUR	2,628	4.70%	01/03/2018	-
169	EUR	4,487	4.70%	01/04/2018	-
170	EUR	829	4.70%	01/05/2018	-
171	EUR	264	4.70%	01/06/2018	-
172	EUR	200,000	4.75%	03/09/2014	-
173	EUR	2,485	4.75%	01/08/2019	-
174	EUR	6,901	4.75%	01/09/2019	-
175	EUR	12,046	4.75%	01/10/2019	-
176	EUR	1	4.80%	01/09/2015	-
177	EUR	325	4.80%	01/10/2015	-
178	EUR	258	4.80%	01/11/2015	-
179	EUR	320	4.80%	01/12/2015	-
180	EUR	3,044	4.80%	01/04/2016	-
181	EUR	10	4.80%	01/05/2016	-
182	EUR	10,332	4.80%	01/06/2016	-
183	EUR	11,912	4.80%	01/07/2016	-
184	EUR	74,970	4.80%	03/07/2017	-
185	EUR	3,156	4.80%	01/08/2017	-
186	EUR	3,095	4.80%	01/09/2017	-
187	EUR	162	4.80%	01/01/2018	-
188	EUR	3,354	4.80%	01/02/2018	-
189	EUR	202	4.80%	01/03/2018	-
190	EUR	1,407	4.85%	01/12/2014	-
191	EUR	14,652	4.85%	01/01/2015	-
192	EUR	250	4.90%	01/09/2018	-
193	EUR	391	4.90%	01/10/2018	-
194	EUR	447	4.90%	01/11/2018	-
195	EUR	286	4.90%	01/12/2018	-
196	EUR	5,509	4.90%	01/07/2019	-
197	EUR	3,697	4.90%	01/08/2019	-
198	EUR	2	4.95%	01/05/2015	-
199	EUR	6,048	4.95%	01/06/2015	-
200	EUR	2,183	4.95%	01/07/2015	-
201	EUR	137	4.95%	01/08/2015	-
202	EUR	104	4.95%	01/09/2015	-

Reference Number	Currency	Amount (in 000)	Interest Rates	Maturity date or conditions governing the maturity	a) circumstances in which the enterprise is required to repay the loan b) Conditions for the subordination c) Conditions for the conversion into capital
203	EUR	352	5.00%	01/03/2016	-
204	EUR	5,794	5.00%	01/04/2016	-
205	EUR	49,950	5.00%	28/09/2017	-
206	EUR	402	5.05%	01/12/2017	-
207	EUR	8,073	5.05%	01/01/2018	-
208	EUR	1,492	5.05%	01/06/2018	-
209	EUR	1,078	5.05%	01/07/2018	-
210	EUR	314	5.05%	01/08/2018	-
211	EUR	372	5.05%	01/09/2018	-
212	EUR	21	5.05%	01/10/2018	-
213	EUR	150	5.05%	01/09/2019	-
214	EUR	517	5.20%	01/04/2019	-
215	EUR	5	5.20%	01/05/2019	-
216	EUR	10,036	5.30%	01/04/2016	-
217	EUR	6,946	5.30%	01/05/2016	-
218	EUR	3,874	5.30%	01/06/2019	-
219	EUR	7,838	5.30%	01/07/2019	-
220	EUR	11,371	5.50%	01/05/2016	-
221	EUR	31,365	5.50%	01/06/2016	-
222	EUR	86	5.50%	01/03/2019	-
223	EUR	1,693	5.50%	01/04/2019	-
224	EUR	3,520	5.60%	30/05/2014	-
225	EUR	174,480	5.60%	28/12/2017	-
226	EUR	200,000	5.65%	26/03/2018	-
227	EUR	2,499	5.70%	01/04/2019	-
228	EUR	2,046	5.70%	01/05/2019	-
229	EUR	150,000	5.75%	30/04/2018	-
230	EUR	50,000	5.75%	27/06/2018	-
231	EUR	1,225,000	5.76%	04/10/2017	-
232	EUR	149,510	6.38%	16/02/2016	-
233	EUR	10,565	6.40%	01/05/2019	-
234	EUR	29,570	6.40%	01/06/2019	-
235	EUR	30,000	6.45%	27/01/2031	-
236	EUR	75,000	7.50%	11/07/2018	11/07/2018
237	EUR	50,000	3,4,5%	20/04/2015	-
238	EUR	1,111,750	3m + 2.00%	19/12/2072	-
239	EUR	25,000	6m +1.30%	02/07/2018	-
240	EUR	22,890	6m +104bp	31/12/2049	21/08/2015
241	EUR	251,800	float %	05/12/2017	-
242	USD	45,241	4.12%	24/12/2016	24/12/2016
243	USD	44,700	4.73%	08/09/2015	8/09/2015
244	USD	25,412	6m + 77bp	31/12/2049	15/02/2021

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XVIII. STATEMENT OF CAPITAL AND SHAREHOLDERS STRUCTURE

	Codes	Current period	Previous period
A. CAPITAL STATEMENT			
1. SUBSCRIBED CAPITAL			
a. Subscribed capital as at end of the previous financial year	20910P	xxxxxxxxxxxxxx	9,374,878
b. Subscribed capital as at end of the financial year	(20910)	9,374,878	

	Codes	Amounts	Number of shares
c. Changes during the financial year			
d. Structure of the capital			
e. Categories of shares Common		9,374,878	483,241,153
f. Registered shares	51801	xxxxxxxxxxxxxx	483,012,027
g. Bearer and or dematerialized shares	51802	xxxxxxxxxxxxxx	229,126

	Codes	Uncalled capital	Called but unpaid capital
2. CAPITAL NOT PAID UP			
a. Uncalled capital	(20920)	0	xxxxxxxxxxxxxx
b. Called but unpaid capital	51803	xxxxxxxxxxxxxx	0
c. Shareholders still owing capital payment			

	Codes	Current period
3. OWN SHARES		
a. Held by the reporting institution itself		
* Amount of capital held	51804	0
* Corresponding number of shares	51805	0
b. Held by its subsidiaries		
* Amount of capital held	51806	0
* Corresponding number of shares	51807	0
4. SHARE ISSUANCE COMMITMENTS		
a. Following the exercise of conversion rights		
* Amount of convertible loans outstanding	51808	0
* Amount of capital to be subscribed	51809	0
* Maximum corresponding number of shares to be issued	51810	0
b. Following the exercise of subscription rights		
* Number of subscription rights outstanding	51811	0
* Amount of capital to be subscribed	51812	0
* Maximum corresponding number of shares to be issued	51813	0
5. AUTHORIZED CAPITAL NOT ISSUED	51814	9,374,000

	Codes	Current period
6. SHARES NOT REPRESENTING CAPITAL		
a. Repartition		
* Number of parts	51815	0
* Number of votes	51816	0
b. Breakdown by shareholder		
* Number of parts held by the reporting institution itself	51817	0
* Number of parts held by its subsidiaries	51818	0

N°	BE 0403.199.702	F-estb 5.18

B. SHAREHOLDERS STRUCTURE OF THE INSTITUTION AT YEAR END ACCORDING TO THE NOTIFICATIONS RECEIVED BY THE INSTITUTION

BNP Paribas Fortis SA holds its registered office at 1000 Brussels, Montagne du parc 3.
On 31 December 2013, suscribed called capital amounted to EUR 9,374,878,367.
BNP Paribas was holder of 99.93% of the 483,241,153 BNP Paribas Fortis shares.
The remaining shares, representing 0.07% of the shareholding, are held by other minority shareholders.

N°	BE 0403.199.702	F-estb 5.19

XIX. BREAKDOWN OF BALANCE SHEET IF MORE THAN 15 MILLION EUROS, IN EUROS AND IN FOREIGN CURRENCY

	Codes	Current Period
1. Total Assets		
a. In Euro	51901	178,821,922
b. In foreign currency (equivalent in EUR)	51902	14,728,541
2. Total liabilities		
a. In Euro	51903	179,546,261
b. In foreign currency (equivalent in EUR)	51904	14,004,202

Nr	BE 0403.199.702	F-estb 5.20

XX. FIDUCIARY TRANSACTIONS ACCORDING TO ARTICLE 27TER §1 PARAGRAPH 3

	Current Period
Concerned assets and liabilities items	

N°	BE 0403.199.702	F-estb 5.21.1

XXI. STATEMENT OF GUARANTEED DEBTS AND OBLIGATIONS

	Current Period
A. MORTGAGES (amount of enrollment or carrying amount of the collateralized buildings, if this is less)	
1. Collateral provided by the institution or irrevocably promised on its own assets as security for debts and obligations of the institution	
a. Liabilities	
b. Off-balance sheets	
2. Collateral provided by the institution or irrevocably promised on its own assets as security for debts and commitments of third parties	

Nr.	BE 0403.199.702	F-estb 5.21.2

	Current Period
B. PLEDGE OF THE TRADING FUND (total enrollment)	
1. Collateral provided by the institution or irrevocably promised on its own assets as security for debts and obligations of the institution	
a. Liabilities	
b. Off-balance sheet	
2. Collateral provided by the institution or irrevocably promised on its own assets as security for debts and obligations of third parties	

Nr.	BE 0403.199.702	F-estb 5.21.3

	Current Period
C. PLEDGE OF OTHER ASSETS (book value of pledged assets)	
1. Collateral provided by the institution or irrevocably promised on its own assets as security for debts and obligations of the institution	
a. Liabilities	
Amount owed as a result of mobilizations and advances	14,805,686
b. Off-balance sheet	
2. Collateral provided by the institution or irrevocably promised on its own assets as security for debts and commitments of third parties	

Nr.	BE 0403.199.702	F-estb 5.21.4

	Current Period
D. COLLATERAL ON FUTURE ASSETS (amount of the related assets)	
1. Collateral provided by the institution or irrevocably promised on its own assets as security for debts and obligations of the institution	
a. Liabilities	
b. Off-balance sheet	
2. Collateral provided by the institution or irrevocably promised on its own assets as security for debts and obligations of third parties	

XXII. STATEMENT OF CONTINGENT LIABILITIES AND COMMITMENTS WITH POTENTIAL CREDIT RISK (off-balance-sheet I and II)

	Codes	Current Period	Previous Period
1. Total contingent liabilities on behalf of affiliated companies	52201	0	0
2. Total contingent liabilities on behalf of other companies linked by participating interests	52202	0	0
3. Total commitments with a potential credit risk to affiliated companies	52203	22,129,618	22,539,302
4. Total commitments with a potential risk with regard to companies linked by participating interests	52204	0	32,479

XXIII. OPERATING RESULTS (items I to XV of the income statement)

		Codes	Current Period	Previous period
1.	**Breakdown of operating income according to origin**			
a.	Interest and similar income	(40100)	4,339,200	4,835,032
	* Belgian sites	52301	4,249,330	4,688,973
	* Foreign offices	52302	89,870	146,059
b.	Income from variable-income securities: shares and other variable-yield securities	(40310)	81,837	73,796
	* Belgian sites	52303	81,837	73,316
	* Foreign offices	52304	0	480
c.	Income from variable-income securities: investments in associated companies	(40320)	181,878	314,636
	* Belgian sites	52305	153,952	303,315
	* Foreign offices	52306	27,926	11,321
d.	Income from variable-income securities: shares in other companies linked by participating interests	(40330)	163,047	9,793
	* Belgian sites	52307	163,047	9,793
	* Foreign offices	52308	0	0
e.	Income from variable-income securities: other shares held as financial fixed assets	(40340)	2,530	1,791
	* Belgian sites	52309	2,530	1,791
	* Foreign offices	52310	0	0
f.	Commissions received	(40400)	1,370,689	1,277,548
	* Belgian sites	52311	1,266,029	1,166,528
	* Foreign offices	52312	104,660	111,020
g.	Profit on financial transactions	(40600)	225,559	255,043
	* Belgian sites	52313	225,478	222,006
	* Foreign offices	52314	81	33,037
h.	Other operating income	(41400)	286,135	226,830
	* Belgian sites	52315	276,659	215,347
	* Foreign offices	52316	9,476	11,483
2.	**Employees on the personnel register**			
a.	Total number at the closing date	52317	18,780	19,733
b.	Average number of employees in full-time equivalents	52318	17,568	18,471
	* Management Personnel	52319	1,852	1,943
	* Employees	52320	15,716	16,528
	* Workers	52321	0	
	* Other	52322	0	
c.	Number of actual worked hours	52323	23,538,191	24,793,169
3.	**Personnel expenses**			
a.	Remuneration and direct social benefits	52324	1,121,819	1,157,743
b.	Employers' contribution for social security	52325	316,383	319,118
c.	Employers' premiums for extra statutory insurance	52326	120,515	163,122
d.	Other personnel expenses	52327	44,746	51,527
e.	Retirement and survivor's pensions	52328	5,259	2,253
4.	**Provisions for pensions and similar obligations**			
a.	Increase (+)	52329	565	43
b.	Decrease (-)	52330	1,614	0

		Codes	Current Period	Previous period
5.	**Breakdown of other operating income if this represents a significant amount**			
	a. Rental income		11,894	11,944
	b. Various recoveries		209,242	175,725
	c. Inventory costs		5,379	9,987
	d. Postage charges		14,258	13,658
	e. Returns on receivable		16,288	13,292
	f. Others		280	581
6.	**Other operating expenses**			
	a. Corporate taxes	52331	209,061	206,703
	b. Other	52332	50,444	71,847
	c. Analysis of other operating expenses if this represents a significant amount			
7.	**Operating revenue from affiliated companies**	52333	1,813,628	1,769,317
8.	**Operating costs relating to affiliated companies**	52334	1,216,942	1,218,421

XXIV. STATEMENT OF FORWARD OFF-BALANCE SHEET TRANSACTIONS ON SECURITIES, FOREIGN CURRENCIES AND OTHER FINANCIAL INSTRUMENTS NOT INVOLVING COMMITMENTS CARRYING POTENTIAL CREDIT RISK ACCORDING TO HEADING II OF THE OFF-BALANCE SHEET ITEMS

	Codes	Current Period
A. TYPES OF TRANSACTION (amounts on the closing date of the accounts)		
1. Securities transactions		
a. Forward purchases and sales of securities and marketable securities	52401	1,795,028
* of which: not intended for hedging purposes	52402	1,795,028
2. Transactions on foreign currencies (amounts to be delivered)		
a. Forward exchange operations	52403	5,032,547
* of which: not intended for hedging purposes	52404	4,806,052
b. Currency and interest rate swaps	52405	74,571,780
* of which: not intended for hedging purposes	52406	54,384,140
c. Currency futures	52407	0
* of which: not intended for hedging purposes	52408	0
d. Currency options	52409	3,739,233
* of which: not intended for hedging purposes	52410	3,739,233
e. Forward exchange contracts	52411	0
* of which: not intended for hedging purposes	52412	0
3. Transactions on other financial instruments		
Forward interest rate transactions (nominal / notional reference amount)		
a. Interest rate swap agreements	52413	702,742,016
* of which: not intended for hedging purposes	52414	591,022,207
b. Interest rate futures	52415	261,337,698
* of which: not intended for hedging purposes	52416	261,337,698
c. Forward Rate Agreements	52417	27,543,958
* of which: not intended for hedging purposes	52418	27,543,958
d. Interest rate options	52419	448,389,182
* of which: not intended for hedging purposes	52420	439,989,182
Other forward purchases and sales (sale / purchase price agreed between parties)		
e. Other option transactions	52421	1,590,967
* of which: not intended for hedging purposes	52422	1,590,967
f. Other futures transactions	52423	0
* of which: not intended for hedging purposes	52424	0
g. Other forward purchases and sales	52425	0
* of which: not intended for hedging purposes	52426	0

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		Codes	Current Period
B. QUANTIFICATION OF THE IMPACT ON THE RESULTS OF THE DEROGATION OF VALUATION RULE UNDER article 36bis, § 2 RELATING TO THE FORWARD INTEREST RATE TRANSACTIONS			
1. Forward Interest rate transactions in the context of the treasury management			
a. Nominal / notional reference amount on the closing date of accounts		52427	0
b. Difference between market value and carrying value	(+)/(-)	52428	0
2. Forward Interest rate transactions regarding ALM			
a. Nominal / notional reference amount on the closing date of accounts		52429	52,254,009
b. Difference between market value and carrying value	(+)/(-)	52430	312,569
3. Forward Interest rate transactions without the effect of risk reduction (LOCOM)			
a. Nominal / notional reference amount on the closing date of accounts		52431	NIHIL
b. Difference between market value and carrying value	(+)/(-)	52432	NIHIL

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XXV. EXTRAORDINARY RESULTS

	Codes	Current Period
1. Capital gains on the transfer of fixed assets to affiliated companies	52501	59,064
2. Capital losses on the transfer of fixed assets to affiliated companies	52502	22,234
3. Breakdown of other exceptional result if it comprises significant amounts		
a. Capital gain on disposal of participations		0
b. Badwill acquisition structured finance portfolio (Badwill Castle SF)		82,328
4. Breakdown of the other extraordinary charges if they comprise significant amounts		
a. Restructuring plan		6,091
b. Capital loss on disposal of foreign branches activities to entities of the group BNP Paribas SA		117,216

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XXVI. INCOME TAXES

	Codes	Current Period
1. Income taxes for the year	52601	17,611
a. Taxes and withholding taxes due or paid	52602	17,001
b. Excess of income tax prepayments or withholding taxes brought to assets	52603	0
c. Estimated additional charges for income taxes	52604	610
2. Income taxes for previous years	52605	(2,694)
a. Additional income taxes due or paid	52606	15,907
b. Additional charges for income taxes estimated or transferred to provisions	52607	(18,601)
3. Main sources of differences between the profit before tax, as stated in the financial statements and estimated taxable income		
Disallowed expenses		60,690
Movements on reserves		(176,410)
Capital loss/gain on securities portfolio		264,307
Profits exempted by agreement		(944,882)
Others		0

4. Impact of extraordinary results on the amount of income taxes for the year

	Codes	Current Period
5. Sources of deferred taxes		
a. Deferred tax assets	52608	9,300,000
* Accumulated tax losses deductible from future taxable profits	52609	9,300,000
* Other deferred tax assets For the current restructuring plans, differed tax assets have been booked		
b. Deferred tax liabilities	52610	
* Breakdown of the deferred tax liabilities		

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XXVII. VALUE ADDED TAXES AND TAXES BORNE BY THIRD PARTIES

	Codes	Current period	Previous period
1. Charged value added tax			
a. To the reporting institution (deductible)	52701	69,871	71,919
b. By the reporting institution	52702	84,782	58,623
2. Amounts withheld on behalf of third parties as			
a. Payroll tax	52703	350,668	358,413
b. Withholding tax	52704	303,260	357,527

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XXVIII. OFF-BALANCE SHEET RIGHTS AND COMMITMENTS AND TRANSACTIONS WITH RELATED PARTIES

A. OFF-BALANCE SHEET RIGHTS AND COMMITMENTS

	Codes	Current Period
1. Substantial commitments to acquire fixed assets		
2. Substantial commitments to dispose of fixed assets		
3. Significant litigation and other significant commitments "BNP Paribas Fortis is involved as a defendant in various claims, disputes and legal proceedings in Belgium and in some foreign jurisdictions, arising in the ordinary course of its banking business and following the restructing of Fortis (referring to both 'Fortis SA/NV and 'Fortis N.V. and currently 'Ageas SA/NV') at the end of September and beginning of October 2008, as further described in note 8.j 'Contingent assests and liabilities' of the BNP Paribas Fortis Consolidated Financial Statements 2013.		
4. Where appropriate, a brief description of the system of supplementary retirement or survivorship pension in the benefit of the personnel or the executives, stating the measures taken to cover the resulting charges		

	Codes	Current Period
5. Pensions that are borne by the institution itself: the estimated amount of obligations arising from past	52801	0
* Bases and methods of estimation		

6. Nature and business purpose of off-balance sheet arrangements

Provided that the risks or benefits of such arrangements are material and to the extent that disclosure of the risks or benefits is necessary for assessing the financial situation of the institution; where appropriate, the financial consequences of these operations for the facility must also be mentioned:

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	Current Period
B. TRANSACTIONS WITH RELATED PARTIES OUTSIDE NORMAL MARKET CONDITIONS	
Indication of such transactions if they are significant, including the amount of these transactions, the nature of the relationship with the related party and any other information on transactions that would be required to obtain a better understanding of the financial situation of the institution:	

XXIX. FINANCIAL RELATIONS WITH

		Codes	Current Period
A.	**DIRECTORS AND MANAGERS, INDIVIDUALS OR CORPORATE BODIES WHO CONTROL THE INSTITUTION DIRECTLY OR INDIRECTLY WITHOUT BEING RELATED TO IT OR OTHER COMPANIES CONTROLLED DIRECTLY OR INDIRECTLY BY THESE PEOPLE**		
1.	**Amounts receivable from these persons**	52901	3,087
	a. Main conditions on amounts receivable		
2.	**Guarantees granted on their behalf**	52902	0
	a. Main principal terms of the guarantees granted		
3.	**Other significant commitments undertaken in their favour**	52903	0
	a. Main conditions of these other obligations		
4.	**Direct and indirect remunerations and pensions, included in the P & L, provided that such disclosure does not concern exclusively or mainly the situation of a single identifiable person**		
	a. To directors and managers	52904	6,518
	b. To former directors and former managers	52905	0

		Codes	Current Period
B.	**THE AUDITOR(S) AND THE PEOPLE HE (SHE) IS (ARE) RELATED TO**		
1.	**Remuneration of the auditor(s)**	52906	1,616
2.	**Fees for exceptional services or special services provided to the company by the auditor(s)**		
	a. Other audit services	52907	53
	b. Tax advisory services	52908	0
	c. Other non-audit services	52909	0
3.	**Fees for exceptional services or special services provided to the company by persons with whom the auditor(s) is(are) connected**		
	a. Other audit services	52910	0
	b. Tax advisory services	52911	3
	c. Other non-audit services	52912	265

4. Statements in accordance with Article 133, § 6 of the Company Code

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XXX. POSITIONS ON FINANCIAL INSTRUMENTS

	Codes	Current period
1. Financial instruments to be received by the institution on behalf of clients	53001	652,502
2. Financial instruments to be delivered by the institution to clients	53002	460,942
3. Financial instruments of clients held in custody by the institution	53003	109,957,853
4. Financial Instruments from clients given in custody by the institution	53004	110,603,299
5. Financial Instruments from clients held as collateral by the institution	53005	837,006
6. Financial Instruments from clients given as collateral by the institution	53006	0

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XXXI. DERIVATIVES NOT ESTIMATED AT FAIR VALUE

The derivatives mentioned below are used for hedging purposes. The fair value of the whole transaction (fair value of hedged deals and of the hedged) has no material impact on the profit of the year.

	Current period
Estimated fair value of each class of derivative instruments not measured at fair value, with information on the nature and volume of these instruments	
ALM / IRS	(602,560)
ALM/ CAP	(20,648)
(C)IRS	13,204
Other derivatives	1,376

XXXII. DECLARATION ON CONSOLIDATED ACCOUNTS

A. To be completed by all credit institutions

Justification of compliance with the conditions set out in Article 4 of the Royal Decree of 23 September 1992:

Name and full address of the registered office and, for enterprises governed by Belgian law, the enterprise number of the parent company publishing the consolidated accounts by virtue of which the exemption is granted

B. To be completed by credit institutions which are solely or jointly-held subsidiaries

Name and full address of the registered office and, for enterprises governed by Belgian law, the enterprise number of the parent company or companies preparing and publishing the consolidated accounts in which the accounts of the reporting institution are consolidated **:

BNP PARIBAS SA - Boulevard des italiens, 16 à 75009 - Paris - France

If the parent company or companies are governed by foreign law, state the place where the above-mentioned consolidated accounts may be obtained **:

BANQUE NATIONALE DE FRANCE - Rue croix des petits champs, 31 à 75001 Paris - France

** Delete where inapplicable*

*** If the accounts are consolidated at several levels, give details of the largest and smallest aggregate to which the reporting institution belongs as a subsidiary and for which consolidated accounts are prepared and published*

C. FINANCIAL RELATIONSHIPS OF THE GROUP LED BY THE COMPANY IN BELGIUM WITH THE AUDITOR(S) OR PEOPLE HE (THEY) IS (ARE) RELATED TO: STATEMENT iN ACCORDANCE WITH ARTICLE 133, PARAGRAPH 6 FROM THE COMPANY LAW

	Codes	Current period
D. FINANCIAL RELATIONSHIPS OF THE GROUP LED BY THE COMPANY IN BELGIUM WITH THE AUDITOR(S) OR PEOPLE HE (THEY) IS (ARE) RELATED TO:Statement in accordance with article 134, paragraphs 4 and 5 from the Company Law		
1. Auditor's fees for carrying out an auditor's mandate on the level of the group led by the company that publishes the information	53201	1,616
2. Fees for exceptional services or special services provided to this group by the auditor(s)		
a. Other audit services	53202	53
b. Tax consultancy services	53203	0
c. Other non-audit services	53204	0
3. Fees for the people who are related to the auditor(s) for carrying out an auditor's mandate on the level of the group led by the company that publishes the information	53205	1,824
4. Fees for exceptional services or special services rendered to this group by the people who are related to the auditor(s)		
a. Other audit services	53206	86
b. Tax consultancy services	53207	18
c. Other non-audit services	53208	2,094

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UNCALLED AMOUNTS ON PARTICIPATING INTERESTS AND SHAREHOLDINGS
(in implementation of Art. 29 § 1)

Heading schema B	Company name	Uncalled amount
VII. A	FORTIS PRIVATE EQUITY BELGIUM	32,438
	ES-FINANCE	930
	Total	**33,367**
VII. B	CREDIT SOC. DE BRABANT WALLON	16
	CREDIT SOC.P.P. REUNIS LIB 90	4
	BEM II	375
	SOWO INVEST N.V.	73
	VIA ZAVENTEM N.V.	1
	Total	**468**
VII. C	CREDIT HYPOTH. OSCAR BRICOULT	4
	CREDIT TRAVAILLEURS LIB 50 PC	1
	LANDWAARTS SOC. WOONKR LIB 36%	80
	ONS EIGEN HUIS LIB 95 PC	1
	EIGEN HUIS - THUIS BEST	3
	UW EIGEN HUIS VLAAN. LIB 84 PC	6
	MAISON DE L'ENTREPR. LIB 25 %	15
	Total	**110**

XXVIII. RIGHTS AND OBLIGATIONS NOT STATED ON THE BALANCE SHEET NOR COVERED BY THE FOREGOING SECTION NOR THE OFF-BALANCE SHEET ITEMS

C. Where appropriate, a brief description is given of the supplementary retirement and survival pension for employees or executives, stating the measures taken to cover the resultant costs.

I. Brief description of the pension systems

Five pension systems are in operation within BNP Paribas Fortis.

A. The first pension system applies for employees who joined the Bank before 1 January 2002 and who are not BNP Paribas Fortis Bank (ex-ASLK, ex-Generale Bank and BN P Paribas Fortis). This system comprises :

1) A basic defined benefit plan providing the following benefits :
   - retirement benefit payable at the retirement age (60 years), which takes into account the actual State pension of the member;
   - benefit payable on death before retirement age and orphan's benefit.
2) A supplementary plan (only for the category ex-ASLK) of the defined contribution type, with compulsory contributions by the member, providing additional retirement and death benefit.

B. The second system applies for employees who joined the Bank on or after 1 January 2002 and who are not BNP Paribas Fortis executives (only the category BNP Paribas Fortis). This system, with compulsory contributions by the member, is a defined contribution system for the retirement pension and a defined benefit system for the death and orphan's benefit.

C. The third system applies for employees in the category ex-KN. It is a defined contribution system for the retirement benefit and a defined benefit system for the death and orphan's benefit.

D. The fourth system applies for BNP Paribas Fortis executives.
It is a defined benefit system which provides the following benefits :

- retirement benefit payable at the retirement age (65 years), with the pension capital varying according to job grade;
- benefit payable on death before retirement age and orphan's benefit.

E. The fifth pensions system applies for all employees, except those in service before 01.01.2012 en who refused to be enrolled. This system is a defined contribution system which provides the following benefits :

- retirement benefit payable at the retirement age (65 years);
- benefit payable on death before retirement age.

The contributions are calculated as a percentage of the variable pay, depending on seniority.

II. Brief description of the measures taken by the company to cover the resultanting costs

A. The costs of the pension system are covered by :

- a collective insurance with AXA Belgium and Allianz for the accrued entitlements (for the employees contributions) as at 31 December 2001 for the categories ex-Generale Bank and BNP Paribas Fortis;
- a collective insurance with AG Insurance for the difference between the defined benefits and these accrued entitlements and for the benefit payable on death and the orphan's benefit.

1) For the commitments under I.A.1), the employer pays monthly contributions to the Financing Fund of the collective insurance (calculated as a fixed percentage of salaries);
2) For the commitments under I.A.2), the contributions are split equally between employees and the employer.

B. The costs of the second system are covered by a collective insurance taken out with AG Insurance.
Employees pay a monthly personal contribution withheld on their salary. The employer pays a monthly contribution to the Financing Fund of the collective insurance.

C. The costs of the third system are covered by a collective insurance with AG Insurance.
The employer pays a monthly collective insurance premium.

D. The costs of the fourth system are covered by a collective insurance taken out with AXA Belgium. The employer pays a monthly collective insurance premium into the Financing Fund of the collective insurance, administered by AG Insurance.

E. The costs of the fifth system are covered by a collective insurance with AG Insurance.
The employer pays a yearly collective insurance premium.

SOCIAL REPORT (in euro)

Numbers of joint industrial committees which
are competent for the enterprise: 310

STATEMENT OF THE PERSONS EMPLOYED
EMPLOYEES WHOM ARE RECORDED IN THE STAFF REGISTER

During the current period	Codes	Total	1. Men	2. Women
Average number of employees				
Full-Time	1001	13,657	7,976	5,681
Part-Time	1002	5,254	1,312	3,942
Total of Full-Time equivalents (FTE)	1003	17,316	8,830	8,486
Number of hours actually worked				
Full-Time	1011	19,085,735	11,339,081	7,746,654
Part-Time	1012	4,089,552	747,578	3,341,974
Total	1013	23,175,287	12,086,659	11,088,628
Personnel costs				
Full-Time	1021	1,238,196,195	796,036,334	442,159,861
Part-Time	1022	297,074,971	216,597,361	80,477,610
Total	1023	1,535,271,166	1,012,633,695	522,637,471
Advantages in addition to wages	1033	0	0	0

During the previous period	Codes	P. Total	1P. Men	2P. Women
Average number of employees in FTE	1003	18,272	9,404	8,868
Number of hours actually worked	1013	24,910,137	13,297,867	11,612,270
Personnel costs	1023	1,629,787,060	940,061,176	689,725,884
Advantages in addition to wages	1033	0	0	0

EMPLOYEES WHOM ARE RECORDED IN THE STAFF REGISTER (continued)

At the closing date of the current period	Codes	1. Full-Time	2. Part-Time	3. Total in Full-Time equivalents
Number of employees	105	13,300	5,146	16,889.8
By nature of the employment contract				
Contract for an unlimited duration	110	13,182	5,144	16,770.8
Contract for a definite period	111	118	2	119.0
Contract for the execution of a specifically assigned work	112	0	0	0.0
Replacement contract	113	0	0	0.0
According to the gender and by level of education				
Male	120	7,744	1,278	8,570.2
primary education	1200	0	0	0.0
secundary education	1201	1,557	669	1,971.1
higher education (non-university)	1202	3,095	399	3,364.2
university education	1203	3,092	210	3,234.9
Female	121	5,556	3,868	8,319.6
primary education	1210	0	0	0.0
secundary education	1211	971	1,468	1,971.9
higher education (non-university)	1212	2,372	1,609	3,546.7
university education	1213	2,213	791	2,801.0
By professional category				
Management staff	130	1,713	77	1,773.5
Employees	134	11,587	5,069	15,116.0
Workers	132	0	0	0.0
Other	133	0	0	0.0

HIRED TEMPORARY STAFF AND PERSONNEL PUT AT THE ENTERPRISE'S DISPOSAL

During the current period	Codes	1. Temporary personnel	2. Persons put at the disposal of the enterprise
Average number of employees	150	55	0
Number of hours actually worked	151	103,697	0
Charges of the enterprise	152	3,781,941	0

TABLE OF PERSONNEL CHANGES DURING THE CURRENT PERIOD

ENTRIES	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
Number of employees for which the institution filed a DIMONA declaration of whom were recorded on the personnel register during the financial year	205	376	8	381.8
By nature of the employment contract				
Contract for an unlimited duration	210	284	6	288.8
Contract for a definite period	211	92	2	93.0
Contract for the execution of a specifically assigned work	212	0	0	0.0
Replacement contract	213	0	0	0.0

DEPARTURES	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
Number of employees for which the DIMONA declaration or the staff register shows a date during the financial year on which their employment contract was terminated	305	760	706	1,396.9
By nature of the employment contract				
Contract for an unlimited duration	310	675	691	1,297.3
Contract for a definite period	311	85	15	99.6
Contract for the execution of a specifically assigned work	312	0	0	0.0
Replacement contract	313	0	0	0.0
According to the reason for termination of the employment contract				
Retirement	340	136	536	448.3
Early retirement	341	0	0	0.0
Dismissal	342	124	34	150.9
Other reason	343	500	136	798.0
Of which: the number of persons who continue to render services to the enterprise at least half-time on a self-employed basis	350	0	0	0.0

INFORMATION WITH REGARD TO TRAINING RECEIVED BY EMPLOYEES DURING THE CURRENT PERIOD

	Codes	Male	Codes	Female
Total number of official advanced professional training projects at company expense				
Number of participating employees	5801	8,222	5811	8,442
Number of training hours	5802	144,828	5812	140,163
Costs for the company	5803	18,561,335	5813	19,057,990
of which gross costs directly linked to the training	58031	18,227,154	58131	18,714,867
of which paid contributions and deposits in collective funds	58032	334,181	58132	343,123
of which received subsidies (to be deducted)	58033	0	58133	0
Total number of less official and unofficial advanced professional training projects at company expense				
Number of participating employees	5821	1,083	5831	947
Number of training hours	5822	24,939	5832	18,609
Costs for the company	5823	1,692,141	5833	1,262,636
Total number of initial professional training projects at company expense				
Number of participating employees	5841	0	5851	0
Number of training hours	5842	0	5852	0
Costs for the company	5843	0	5853	0

Summary of the accounting policies for the non-consolidated financial statements

General principles

The accounting policies of BNP Paribas Fortis comply with the rules laid down in the Belgian Royal Decree of 23 September 1992 on the annual accounts of credit institutions.

The accounting policies of BNP Paribas Fortis are the same as last year.

The following summary gives further details of the accounting policies used for the major components in the balance sheet and income statement.

Assets

Loans and advances from credit institutions and receivables from customers

Loans and advances granted to credit institutions and customers are recognised for the initial amount paid less subsequent repayments and related allowances. All expenses paid to third parties for bringing in transactions with customers are fully recognised in the income statement in the accounting period in which they are incurred.

Any difference between the nominal value of the loans and advances and the amounts originally granted is recognised on an accrual basis as interest income or charges in the income statement.

Other receivables are recognised at their nominal value.

Allowances for doubtful loans and for loans with an uncertain future are recognised in proportion to the part regarded as unrecoverable, based on objective sources of information. Once a loan has been classified as doubtful or uncertain, related interests are normally no longer included in the income statement.

The accounting policies provide the option of setting up an internal security fund to cover well-defined risks, possibly arising in the future, but which cannot yet be individualised.

Debt securities and other fixed-income securities
Shares and other variable-yield securities

Securities or receivables represented by marketable securities are included in the trading portfolio if they are acquired with the intention of re-sale, based on their return over a period which normally does not exceed six months.

Trading securities are valued at market value if traded on a liquid market. In the absence of a liquid market, they are valued at cost (all costs included, provisions received deducted) or market value, whichever is lower.

The fixed-income securities in the investment portfolio are recognised on the basis of their yield-to-maturity. The difference between the acquisition cost (all costs included, provisions received deducted) and the redemption value is accrued in the income statement.

The gains and losses realised on the sale of fixed-income securities are immediately recognised in the income statement. If however they are realised on arbitrage transactions, they may be accrued, in accordance with the provisions of Article 35ter §5 of the Royal Decree of 23 September 1992.

Shares in the investment portfolio are valued at cost (all costs included, provisions received deducted) or market value, whichever is the lower, with all differences recognised in the income statement.

If the debtor carries a risk of non-payment, write-downs are made as for doubtful loans or loans with an uncertain future.

Financial fixed assets

Financial fixed assets are recognised at cost. A write-off is recorded where a decrease in value is permanent. Where financial fixed assets are financed with borrowed funds, the exchange differences on the borrowed funds are not recognised in the income statement.

Incremental costs are taken directly to the income statement.

Formation expenses and intangible fixed assets

Start-up costs are capitalised and depreciated on a straight-line basis over 5 years.

Capital increase costs are charged directly to the income statement.

The issuing costs of subordinated loans are depreciated on a straight-line basis over the duration of the loan. The issuing costs of perpetual loans are depreciated on a straight-line basis over 5 years, or over the length of the period before the date of the first call if this date is earlier.

Costs relating to software developed by the Bank itself or relating to standard or specific software acquired from third parties are recognised directly in the income statement as general expenses. If it is certain that the economic life of specific software purchased from a third party is more than one year, the economic life being mainly determined by the risk of technological changes and commercial developments, this software can be capitalised and depreciated on a straight-line basis over the estimated useful life, with a maximum of 5 years.

The other intangible fixed assets are depreciated over maximum 10 years.

The Bank makes no use of the option to capitalise commission paid to third parties for bringing in transactions with clients with a contractual period exceeding one year.

Tangible fixed assets

Tangible fixed assets are recognised at cost, including ancillary cost and non-recoverable indirect taxes, less depreciation.

Depreciation occurs on a straight-line basis over the estimated economic life of the asset.

Revaluation of tangible fixed assets is allowed, provided that the value clearly and durably exceeds the book value.

Other assets

Among other items this heading includes deferred tax assets.

Deferred tax assets cannot be recognised. However, the NBB allows the recognition of deferred tax assets relating to restructuring costs, including in relation to redundancy plans.

The sum of the dirty fair value, including accrued interest, of interest rate swaps and interest and currency rate swaps that are entered into for trading purposes is reported on the balance sheet as a single amount. That amount is reported as an asset or a liability depending on whether the net amount is an amount to be received or paid.

The revalued amount of the premium of trading options is reported as an asset or a liability depending on whether the net amount is an amount to be received or paid.

Liabilities

Amounts owed to credit institutions and customers

The amounts payable to credit institutions and customers are recognised for the initial amount received, less subsequent repayments. All expenses paid to third parties for bringing in deposits are fully recognised in the accounting period in which they are incurred.

Debts evidenced by certificates

Debt securities issued with fixed capitalisation are recognised for the original amount plus capitalised interest.

Other liabilities

Among other items this heading includes all debts to personnel related to salaries and other social security charges incurred during the present accounting period and paid in the next accounting period.

Derivatives: see 'Other assets'

Provisions for risks and charges

Provisions for pensions and similar social security obligations are recognised in accordance with Belgian legal requirements.

Fund for general banking risks

Constituting the fund for general banking risks follows a defined method, approved by the Board of Directors, applied systematically and based on the weighted volume of credit and market risks for the banking business.

Income Statement

Interest receivable and payable

Interest income and charges are recognised when earned or due. Once a loan has been classified as doubtful or uncertain, related interests are normally reserved and no longer included in the income statement. The actuarial depreciation of the difference between the acquisition cost and the redemption price of fixed-income securities from the investment portfolio is also included in interest revenues.

Income from variable-yield securities

Revenues on shares and participations are recognised as from the moment the dividend distribution is communicated to the Bank.

Derivatives

The results on derivatives are recorded in various ways depending on the type of transaction.

a) Hedging transactions

Transactions that protect against the risk of fluctuation in exchange rates, interest rates or prices. Gains and losses are recorded in the income statement symmetrically with the results of the hedged components in order to neutralise, entirely or partially, their impact.

To be regarded as a hedge, transactions must comply with the following conditions:

- The hedged component or the hedged homogeneous set should expose the Bank to a fluctuation risk of exchange rates, interest rates or prices.
- The hedge transactions must be specifically indicated from inception, as must also the hedged components.
- Sufficient correlation is required between the value fluctuations of the hedged component and the hedging transaction (or the underlying instrument).

As soon as a transaction does not meet the conditions to be deemed a hedge, it should be recognised at its fair value.

b) Trading transactions

All transactions made in connection with the current trading activities that do not meet the requirements to be classified as hedging are valued at market prices, with both gains and losses recognised in the income statement. If the market is not liquid, only the losses are recognised in the income statement.

c) Some forward interest rate transactions are valued in accordance with other valuation methods, based on derogation from the NBB, in conformity with Article 18 of the Royal Decree of 23 September 1992:

- Transactions concluded as part of treasury management, with an initial maturity of maximum 1 year
- Transactions concluded as part of balance sheet or off-balance sheet transactions, conducted with the objective of reducing the interest rate risk and documented as such
- Transactions concluded as part of strategic ALM transactions in euros or a currency belonging to the European Monetary Union.

These three categories are valued by recording the related result on an accruals basis.

- Transactions concluded as part of overall management, without the objective of reducing the interest rate risk:

  these transactions are valued on an accruals basis, with the condition that the potential losses resulting from the valuation at market value are recognised in the income statement.

Specific Rules

Foreign currencies

When valuing foreign currencies, a distinction is made between monetary and non-monetary items.

Monetary items are assets and liabilities, including accruals and deferrals, rights and commitments, which represent a specific amount of money in a foreign currency, plus shares and other non-fixed income securities in the trading portfolio. Monetary items are converted at the average rate (average of bid and ask rate on the spot exchange market) at the closing date. Items settled at specific currency rates must be valued at those specific average rates. The resulting exchange differences are recognised in the income statement (with the exception of exchange gains on foreign currencies for which no liquid market exists).

Tangible, intangible and financial fixed assets are considered to be non-monetary items and are recognised at cost based on the exchange rate at the date of acquisition. When non-monetary items, exposed to a foreign exchange risk, are financed on a permanent basis with borrowed funds in the same currency, the translation differences on the borrowed funds are not recognised in the income statement.

Profit and loss components in foreign currencies are converted into euros in the income statement, at the spot exchange rate at the time of recognition as income or charges.

Offsetting

Offsetting between assets and liabilities and between income and expenses is performed in conformity with the Belgian Royal Decree of 23 September 1992 on the annual accounts of credit institutions.

Report of the accredited statutory auditors

JOINT STATUTORY AUDITORS' REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF THE COMPANY BNP PARIBAS FORTIS SA/NV ON THE ANNUAL FINANCIAL STATEMENTS (NON-CONSOLIDATED) AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2013

As required by law and the Company's articles of association, we report to you on the performance of our mandate of statutory auditor. This report includes our report on the Annual Financial Statements (non-consolidated) ("the Annual Financial Statements"), as defined below, for the year ended 31 December 2013, as well as our report on other legal and regulatory requirements. These annual accounts comprise the balance sheet as at 31 December 2013 and the income statement for the year then ended, as well as the summary of accounting policies and other disclosures.

Report on the Annual Financial Statements

We have audited the Annual Financial Statements of BNP Paribas Fortis SA/NV ("the Company") for the year ended 31 December 2013, prepared in accordance with the financial reporting framework applicable in Belgium, which show a balance sheet total of EUR 193.550.463 (000) and a profit for the year of EUR 641.169 (000).

The Company's board of directors' responsibility for the preparation of the Annual Financial Statements

The board of directors is responsible for the preparation and fair presentation of these Annual Financial Statements in accordance with the financial reporting framework applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these Annual Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Annual Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Financial Statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the Annual Financial Statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the Company's preparation and fair presentation of the Annual Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the Annual Financial Statements. We have obtained from the Company's officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Unqualified Opinion

In our opinion, the Annual Financial Statements give a true and fair view of the Company's net equity and financial position as at 31 December 2013 and of its results for the year then ended in accordance with the financial reporting framework applicable in Belgium.

Emphasis of Matter regarding certain legal proceedings

Without further qualifying our opinion, we draw the attention to the note XXVIII A 3 to the Annual Financial Statements as at 31 December 2013 regarding significant litigations, in which is described that as a result of 2008 events having impacted the Fortis group to which the Company belonged, a number of claimants have initiated legal actions against the former Fortis group, including the Company and/or certain members of their boards of directors and management. The ultimate outcome of these matters and the potential consequences for the Company and its directors cannot presently be determined, and therefore no provisions have been recorded in the Annual Financial Statements.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the directors' report, for the compliance with the applicable legal and regulatory requirements regarding bookkeeping, the Companies' Code and the Company's articles of association.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statements which do not impact our opinion on the annual accounts:

- The directors' report includes the information required by the Companies' Code, is consistent with the financial statements, and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.

- The appropriation of results proposed to the general meeting complies with the legal provisions and the provisions of the articles of association.

- There are no transactions undertaken or decisions taken in breach of the Company's articles of association or the Companies' Code that we have to report to you.

- As indicated in the report of the board of directors, the board of directors has on 7 February 2013 decided to renew the mandate of F. Dierckx and applied the article 523 of the Companies' Code as a result of the conflict of interest resulting from the appreciation of the "Fit and proper" character as defined by the NBB circular dated 21 December 2012. Since the aforementioned director was conflicted, we understand that he has not participated to the discussion and decision of the board of directors. Considering the fact that the exercise of the mandate is depending on the occurrence of future events, if any, we are not in a position to evaluate the possible financial consequences of such a decision on the financial position of the Company.

- As indicated in the report of the board of directors, the board of directors has on 24 April 2013 (a) decided to indemnify the liability of the director F. Abraham in all instances where he acted in good faith and in a manner he believed to be in the best interest of the Company, except where the liability of this director would arise out of a fraud or wilful misconduct or where such liability would be covered by an insurance policy and (b) applied the article 523 of the Companies' Code as a result of the conflict of interest. Since the aforementioned director was conflicted, we understand that he has not participated to the discussion and decision of the board of directors. Considering the fact that the indemnification of the liability is without limitation and depending on the occurrence of future events, if any, we are not in a position to evaluate the possible financial consequences of such a decision on the financial position of the Company.

Brussels, 26 March 2014

The Joint Statutory Auditors

PwC Reviseurs d'Entreprises sccrl/ Bedrijfsrevisoren bcvba
Represented by

R. Jeanquart
Reviseur d'Entreprises / Bedrijfsrevisor

Deloitte Reviseurs d'Entreprises sc sous forme d'une scrl / Bedrijfsrevisoren bv ovv cvba
Represented by

Ph. Maeyaert
Reviseur d'Entreprises / Bedrijfsrevisor

F. Verhaegen
Reviseur d'Entreprises / Bedrijfsrevisor

Other information

Monthly highs and lows for BNP Paribas Fortis shares at the weekly auctions in 2013

The monthly highs and lows for BNP Paribas Fortis shares at the weekly auctions of Euronext Brussels in 2013 were as follows (in EUR):

Month	Low	High
January	20.29	25.74
February	23.20	27.12
March	22.50	25.50
April	22.95	27.78
May	24.97	27.78
June	24.50	25.20
July	24.85	25.40
August	23.00	25.40
September	24.05	25.90
October	24.25	25.90
November	24.25	25.70
December	23.10	25.30

External posts held by directors and effective leaders that are subject to a legal disclosure requirement

Pursuant to Article 27 of the Law of 22 March 1993 on the status and supervision of credit institutions and the regulations of the National Bank of Belgium of 6 December 2011 regarding the exercise of external functions by managers of regulated enterprises, the Bank's Board of Directors has adopted 'Internal rules governing the exercise of external functions by directors and effective managers of BNP Paribas Fortis SA/NV'.

Inter alia, these regulations stipulate that external posts held by the Bank's effective managers and Directors in companies other than those falling within the scope of Article 27, § 3, 3rd indent, of the Law of 22 March 1993 shall be disclosed in the Annual Report.

The term 'effective manager' refers to members of the Executive Board and persons in positions at a level immediately below the said Board, including the heads of foreign branches.

As regards 'external posts' – i.e., principally posts as director of a company – that are subject to disclosure, this implies posts held in companies other than family property companies, 'management companies', undertakings for collective investment (UCITs) or companies with which the Bank has close links as part of the Group.

Forename, Surname (Post) Company	Business Activity (Post)	Listing
Herman DAEMS		
(Chairman of the Board of Directors)		
- Barco SA/NV	Technology (Chairman of the Board of Directors)	Euronext Brussels
- Vanbreda Risk and Benefits SA/NV	Insurance (Director)	-
- Domo Chemicals SA/NV	Chemicals (Director & Chairman of the Audit Committee, acting as representative of Crossbow BVBA)	-
- Domo Investment Group SA/NV	Chemicals (Chairman of the Board of Directors, acting as representative of Crossbow BVBA)	-
- Uitgeverij Lannoo SA/NV	Publishing (Chairman of the Board of Directors, acting as representative of Crossbow BVBA)	-
- Unibreda SA/NV	Insurance (Chairman of Board of Directors - Independent Director)	-
Georges CHODRON de COURCEL		
(Vice Chairman of the Board of Directors)		
- Alstom S.A.	Transport and Energy (Director)	Euronext Paris
- Bouygues S.A.	Construction and Telecommunication (Director)	Euronext Paris
- Société Foncière, Financière et de Participations S.A.	Portfolio Company (Director)	Euronext Paris
- Lagardère S.C.A.	Media (Member of the Supervisory Board)	Euronext Paris
- Nexans S.A.	Cabling (Director)	Euronext Paris
- Erbé S.A.	Real Estate (Director)	-
- Scor Holding (Switzerland) AG	Holding (Director)	-
- Scor Global Life Rückversicherung Schweiz AG	Reinsurance (Director)	-
- Scor Switzerland AG	Insurance (Director)	-
- SGLRI (Scor Global Life Reinsurance Ireland) Ltd	Reinsurance (Director)	-
- Groupe Bruxelles Lambert SA/NV	Portfolio Company (Director)	Euronext Brussels
Max JADOT		
(Chairman of the Executive Board)		
- Bekaert SA/NV	Steel Industry (Director)	Euronext Brussels

Forename, Surname (Post) Company	Business Activity (Post)	Listing
Filip DIERCKX		
(Vice Chairman of the Executive Board)		
- SD Worx for Society SCRL/CVBA	Management & Administrative Services (Chairman of the Board of Directors)	-
- IVD SA/NV	Administrative Services (Chairman of the Board of Directors acting as representative of GINKGO Associates BVBA)	-
- SD Diensten SA/NV	Training & Management Services (Chairman of the Board of Directors)	-
- ZENO SA/NV	Administrative Services (Chairman of the Board of Directors)	-
- HAZELHEARTWOOD SCRL/CVBA	Administrative Services (Director)	-
Jean-Laurent BONNAFÉ		
(Director)		
- Carrefour S.A.	Distribution (Director)	Euronext Paris
Dirk BOOGMANS		
(Director)		
- Caesar Real Estate Fund SA/NV	Real Estate investments (Chairman of the Board of Directors acting as representative of DAB Management)	-
- Collibra SA/NV	Software – IT (Director, acting as representative of DAB Management)	-
- GIMV SA/NV	Investment Company (Director)	Euronext Brussels
- Induss SA/NV	Utilities (Director, acting as representative of DAB Management)	-
- P & V Verzekeringen SCRL/CVBA	Insurance (Director & Chairman of the Audit & Risk Committee, acting as representative of DAB Management)	-
- THV Noriant	Infrastructure (Chairman of the Board of Directors)	-
- Vivium SA/NV	Insurance (Director & Chairman of the Audit & Risk Committee acting as representative of DAB Management)	-
- Vitrufin SA/NV	Insurance (Director, acting as representative of DAB Management)	-
- Vinçotte International SA/NV	Inspection, control & certification services (Director & Chairman of the Audit Committee, acting as representative of DAB Management)	-

Forename, Surname (Post) Company	Business Activity (Post)	Listing
Antoinette d'ASPREMONT LYNDEN		
(Director)		
- Groupe Bruxelles Lambert SA/NV	Portfolio Company (Director & Chairman of the Audit committee)	Euronext Brussels
Sophie DUTORDOIR		
(Director)		
- Bpost SA/NV	Postal operator (Independent Director & Member of the Audit committee)	Euronext Brussels
- Valeo SA/NV	Automotive supplier (Director & Member of the Strategy Committee)	-
Jean STEPHENNE		
(Director)		
- BESIX Group SA/NV	Construction (Chairman of the Board of Directors, acting as representative of Innosté SA)	-
- Groupe Bruxelles Lambert SA/NV	Portfolio Company (Director)	Euronext Brussels
- Nanocyl SA/NV	Chemicals (Chairman of the Board of Directors)	-
- Vesalius Biocapital I SICAR (Luxembourg)	Risk capital (Chairman of the Board of Directors)	-
- Vesalius Biocapital II SICAR (Luxembourg)	Risk capital (Chairman of the Board of Directors)	-
- Uteron Pharma SA/NV	Pharmaceutical industry (Director, acting as representative of Innosté SA)	-
- BePharBel SA/NV	Pharmaceutical industry (Chairman of the Board of Directors)	-
- Tigenix SA/NV	Pharmaceutical industry (Chairman of the Board of Directors, acting as representative of Innosté SA)	Euronext Brussels
- OncoDNA SA/NV	Pharmaceutical industry (Director)	-
- Theravectys SA	Biotechnology (Director)	-
- Ronveaux SA/NV	Construction (Director)	-

Forename, Surname **(Post)** **Company**	**Business Activity (Post)**	**Listing**
François VILLEROY de GALHAU		
(Director)		
- Villeroy & Boch Group AG	Interior & Decoration (Member of the Supervisory Board)	-
- Bayard Presse S.A.	Media (Member of the Supervisory Board)	-
Luc HAEGEMANS		
(Member of the Executive Committee)		
- Fainfood SA/NV	Food (Director)	-
- Marmo Group SA/NV	Food (Chairman of the Board of Directors, acting as representative of Fainfood SA/NV)	-
- Marmo SA/NV	Food (Chairman of the Board of Directors, acting as representative of Fainfood SA/NV)	-
- Brussels Airport Company SA/NV	Transport (Director & Member of the Audit Committee)	-
Aymar de LIEDEKERKE BEAUFORT		
(Germany)		
- Emifor Ste	(Liquidator)	-

Glossary

Active market
A market where homogeneous items are traded between willing buyers and sellers at any time and where the prices are available to the public.

Amortised cost
The amount at which a financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation/increase of any premium/discount, and minus any write-down for impairment.

Asset backed security (ABS)
Debt instrument that represents an interest in a pool of assets. The term 'ABS' is generally used to refer to securities in which underlying collateral consists of assets other than residential first mortgages, such as credit card and home equity loans, leases, or commercial mortgage loans.

Associate
A company in which BNP Paribas Fortis SA/NV has significant influence but which it does not control.

Basel 2.5
As from Q4-2011, European banks must also comply with Basel 2.5, a set of prudential measures published by the Basel Committee in July 2009 in order to respond to lessons learned from the financial crisis. Basel 2.5 is intended to enhance the Basel 2 framework in two major areas: trading book and securitisation, introducing a stressed VaR, an incremental risk capital charge for specific risk, a banking book capital charge for securitisation exposures held in the trading book, and a higher capital charge for re-securitisation.

Basis point (bp)
One hundredth of a percentage point (0.01%).

Cash flow hedge
A hedge to mitigate the exposure to variability in cash flows of a recognised asset or liability, or forecast transaction,which is attributable to changes in variable rates or prices.

Clearing
Administrative settlement of securities, futures and options transactions through a clearing organisation and the financial institutions associated with it (clearing members).

Collateralised Loan Obligation (CLO)
A form of securitisation where payments from multiple middle sized and large business loans are pooled together and passed on to different classes of owners in various tranches.

Commercial mortgage-backed security (CMBS)
A type of bond which is backed by commercial property such as retail or office property, hotels, schools, industrial property and other commercial sites.

Controlled perimeter
The legal and regulatory consolidation scope of BNP Paribas Fortis SA/NV.

Core capital
Total available capital at group level (based on the banking definition of Tier 1 capital).

Credit default swap (CDS)
A credit derivative contract between two counterparties. The buyer of a credit swap receives credit protection, whereas the seller of the swap guarantees the creditworthiness the underlying financial instrument

Credit spread
The yield differential between a credit-risk-free benchmark security or reference rate (e.g. government bonds) and corporate bonds or credits.

Credit Value Adjustment
Adjustment to the value of the trading book to take into account the counterparty risk.

Derivative
A financial instrument such as a swap, a forward, a future contract or an option (both written and purchased). This financial instrument has a value that changes in response to changes in underlying variables. It requires little or no net initial investment, and is settled at a future date.

Discounted cash flow method (DCF model)
An approach to valuation, whereby projected future cash flows are discounted at an interest rate that reflects the time value of money and a risk premium that reflects the extra return investors demand for the risk that the cash flow might not materialise.

Duration
A general measure of the sensitivity of the price (the value of the principal) of a fixed-income instrument, expressed as a percentage change with a 100-basis-point change in yield. In the calculation of 'duration of equity', the term also refers to the weighted average timing of cash flows from an asset or a liability portfolio. It is computed on the basis of the net present values (NPV) of the cash flows (principal and interest).

Earnings at Risk
A measure of the sensitivity of future net income to hypothetical adverse changes in interest rates or equity market prices. Earnings at Risk assesses the impact of stress tests on the projected IFRS net income before tax. EaR represent a possible deviation from expected (pre-tax) earnings due to an adverse event over the next 12 months at a chosen confidence level. EaR covers both loss realisation and failure to generate revenues.

Embedded derivative
A derivative instrument that is embedded in another contract - the host contract. The host contract might be a debt or equity instrument, a lease, an insurance contract or a sale or purchase contract.

Employee benefits
All forms of consideration given by an entity in exchange for service rendered by employees, including their pay or salary.

Expected Loss (EL)
The Expected Loss is the expected annual level of credit losses over an economic cycle. Actual losses for any given year will vary from the EL, but EL is the amount that our bank should expect to lose on average over an economic cycle. Expected Loss should be viewed as a cost of doing business rather than as a risk in itself. Expected Loss is calculated as follows:
EL = EAD x PD x LGD

Exposure at Default (EAD)
Gives an estimate of the amount to which the bank is exposed in the event that the borrower defaults. EAD is one of the parameters used to compute the Expected Loss (EL).

Factoring
A form of corporate financing in which a company transfers outstanding debts to a factoring company that, for a fee, assumes responsibility for the debtor records, debt collection, risk coverage and financing.

Fair value
The amount for which an asset (liability) can be bought (incurred) or sold (settled), between knowledgeable, willing parties in an arm's length transaction.

Fair value hedge
A hedge of an exposure to changes in the fair value of a recognised asset or liability (or a portion thereof) or a firm commitment. The exposure is attributable to a particular risk and will affect reported net income.

Finance lease
A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Goodwill
This represents the excess of the fair value of the assets given, liabilities incurred or assumed, and equity instruments issued over BNP Paribas Fortis SA/NV's interest in the fair value of assets acquired and liabilities and contingent liabilities assumed.

Hedge accounting
Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item.

IFRS
International Financial Reporting Standards, used as a standard for all listed companies within the European Union as of 1 January 2005 to ensure transparent and comparable accounting and disclosure.

Impairment
A decline in value whereby the carrying amount of the asset exceeds the recoverable amount. In such a case, the carrying amount will be reduced to its recoverable amount through the income statement.

Intangible asset
An identifiable non-monetary asset without physical substance which is recognised at cost if and only if it will generate future economic benefits and if the cost of the asset can be measured reliably.

Investment property
Property held by BNP Paribas Fortis SA/NV to earn rental income or for capital appreciation.

Joint venture
A contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Loss given Default (LGD)
The average amount to be lost in the event of default of the counterpart. LGD is a parameter used in the calculation of Expected Loss.

Macro hedge
A hedge used to eliminate the risk of a portfolio of assets.

Net investment hedge
A hedge used to reduce the financial risks of a reporting entity's share in the net assets of a foreign business activity by entering into transactions that provide an offsetting risk profile.

Notional amount
Amount of currency units, number of shares, a number of units of weight or volume or other units specified in a derivative contract.

Novation
Novation is the principle of either (a) replacing an obligation to perform with a new obligation, or (b) replacing a party to an agreement with a new party.

Nth-to-default credit derivatives
Credit derivatives that provide credit protection only for the nth defaulting reference exposure in a group of reference exposures.

Operating lease
A contract that allows the use of an asset against periodic payments, but does not convey rights similar to legal ownership of the asset and where the financial risks related to the asset are with the issuer of the lease contract.

Option
A contract sold by one party to another that offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security at an agreed-upon price during a certain period of time or on a specific date.

Private equity
Equity securities of companies that are not listed on a public exchange. Investors looking to sell their stake in a private company have to find a buyer in the absence of a marketplace.

Probability of Default (PD)
The probability that the counterparty will default over a one-year time horizon. PD is a parameter used in the calculation of Expected Loss.

Provision
Provisions are liabilities involving uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation to transfer economic benefits, such as cash flows, as a result of past events and a reliable estimate can be made at the balance sheet date.

Qualifying capital
The liability components that qualify as Tier 1 capital (equity) under banking supervision regulations.

Repurchase agreement (repo)
Agreement between two parties whereby one party sells the other a security at a specified price with a commitment to buy the security back at a later date for another specified price.

Residential mortgage-backed security (RMBS)
A type of bond which is backed by mortgages on residential rather than commercial real estate.

Reverse repurchase agreement (reverse repo)
The purchase of securities with an agreement to resell them at a higher price at a specific future date.

Securities lending (borrowing) transaction
A loan (borrowing) of a security from one counterparty to another, who must eventually return (be returned) the same security as repayment. The loan is often collateralised. Securities lending allows an entity in possession of a particular security to earn enhanced returns.

Settlement date
The date that an asset is delivered to or by an entity.

Structured credit instruments (SCI)
Securities created by repackaging cash flows from financial contracts. These instruments encompass asset-backed securities (ABS), mortgage-backed securities (MBS) and collateralised debt obligations (CDO). ABS are issues backed by loans (other than mortgages), receivables or leases, MBS are issues backed by mortgage loans and CDO are a class of asset-backed securities and another term for bonds backed by a pool of bonds (CBO), loans (CLO) or other assets such as swaps (CSO). Payment of the principal and interest of the CDO is financed with the cash flows generated by the underlying financial assets.

Subordinated bond (loan)
A loan (or security) that ranks below other loans (or securities) with regard to claims on assets or earnings.

Subsidiary
Any company, whose financial and operating policies BNP Paribas Fortis SA/NV, either directly or indirectly, has the power to govern, so as to obtain the benefits from its activities ('control').

Synthetic CDO
a collateralised debt obligation (CDO) in which the underlying credit exposures are taken by entering into a a credit default swap agreement instead of buying actual financial assets.

Tier 1 ratio
Core capital of a bank expressed as a percentage of the risk-weighted balance sheet total.

Trade date
The date when BNP Paribas Fortis SA/NV becomes a party to the contractual provisions of a financial asset.

Value at Risk (VaR)
A technique which uses the statistical analysis of historical market trends and volatilities to estimate the likelihood that a given portfolio's losses will exceed a certain amount. For the assessment of the market risks related to its trading room activities, BNP Paribas Fortis SA/NV computes VaR using a 99% confidence interval over a 1 day time horizon. This calibration is designed to reflect the risks of trading activities under normal liquidity conditions.

Volatility swap
A volatility swap is a forward contract that allows investors to trade the future volatility of a specified underlying.

Abbreviations

2OPC	Oversight of Operational Permanent Control
ABS	Asset backed security
ACPR	Autorité de contrôle prudentiel et de résolution
AFS	Available for sale
AIRBA	Advanced Internal Ratings Based Approach
ALCO	Assets and Liabilities Committee
ALM	Asset and liability management
AMA	Advanced Measurement Approach
ARCC	BNP Paribas Fortis SA/NV Audit, Risk and Compliance Committee
BGL	Banque Générale de Luxembourg
BNPP-IP	BNP Paribas Investment Partners
BPLS	BNP Paribas Leasing Solutions
CASHES	Convertible and subordinated hybrid equity-linked securities
CBFA	Banking, Finance and Insurance Commission
CDS	Credit default swap
CDO	Collateralised debt obligation
CGU	Cash generating unit
CIB	BNP Paribas Fortis SA/NV Corporate and Investment Banking
CLO	Collateralised loan obligation
CMBS	Commercial mortgage-backed securities
CMS	Constant Maturity Swap
CODM	Chief Operating Decision Maker
CPBB	Corporate & Public Banking, Belgium
CRM	Central Risk Management
CRO	Chief Risk Officer
CSO	Collateralised swap obligation
CSR	Corporate Social Responsibility
CTBE	Corporate and Transaction Banking Europe
CVA	Credit Value Adjustment
DDM	Discounted Dividend Model
EAD	Exposure At Default
EaR	Earnings at Risk
EBA	European Banking Authority
ECB	European Central Bank
EL	Expected Loss
Euribor	Euro inter bank offered rate
GDP	Gross Domestic Product
GNRC	Governance, Nomination and Remuneration Committee
GRM	Group Risk Management
HTM	Held to maturity
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretat ions Committee
IFRS	International Financial Reporting Standards
IRBA	Internal Ratings Based Approach
IRC	Incremental Risk Change
ISDA	International Swaps and Derivatives Association
FCF	Fortis Commercial Finance
FV	Fair Value
LGD	Loss Given Default
MBS	Mortgage-backed security
MCS	Mandatory Convertible Securities
MtM	Mark to Market
M&A	Mergers & Acquisitions
NBB	National Bank of Belgium / Nationale Bank van België
NPV	Net present value
OCI	Other comprehensive income
OFS	One Financial System
OMT	Outright Monetary Transactions
OTC	Over the counter
PD	Probability of Default
PFC	Product and Financial Control Committee
RMBS	Residential mortgage-backed securities
RPB	Retail & Private Banking
RPN	Relative Performance Note
RWA	Risk Weighted Assets
SCI	Structured Credit Instruments
SFPI/FPIM	Société Fédérale de Participations et d'Investissement /Federale Participatie- en Investeringsmaatschappij
SPE	Special purpose entity
SPV	Special purpose vehicle
SRI	Socially Responsible Investment
TEB	Türk Ekonomi Bankasi
VaR	Value at Risk
VRC	Valuation Review Committee