BNP Paribas Fortis Basel 2 Pillar 3 disclosures for the year 2013

On 12 May 2009, BNP Paribas took control of BNP Paribas Fortis SA/NV by the acquisition of 74,93% of its share capital. On 13 November 2013 the Belgian State and BNP Paribas reached an agreement for the additional transfer to BNP Paribas of the 25% + 1 share stake held by the Belgian State (via FPIM/SFPI) in BNP Paribas Fortis SA/NV.

Therefore, BNP Paribas Fortis is considered as a “significant subsidiary” as described in Directive 2006/48/EC, Annex XII, Part 2, Points 3 and 4 and is not subject to a full reporting concerning its Basel 2 Pillar 3 disclosures.

The BNP Paribas Fortis 2013 Basel 2 Pillar 3 disclosures consist in quantitative information on the capital structure and on the capital requirements. This information is published partly in the Annual report 2013 of BNP Paribas Fortis in the note 4.c ‘Capital adequacy’ (page 89) and partly in the Registration document of BNP Paribas in the appendix 2: Capital requirements of significant subsidiaries (page 340-341).

The Annual report 2013 of BNP Paribas Fortis is available under the following link:
http://media-cms.bnpparibas.com/file/98/4/en-ar-2013_v2.31984.pdf

The Registration document of BNP Paribas for the year 2013 is available under the following link: http://media-cms.bnpparibas.com/file/98/1/ddr_2013_bnp_paribas_gb.31981.pdf

For information on BNP Paribas Fortis’ 2013 results and financial position, please refer to the Annual report 2013 of BNP Paribas Fortis.

In addition a dedicated information is included below, concerning Loans with forbearance measures within BNP Paribas Fortis at 31 December 2013.

The following table presents the carrying amounts of loans and receivables and of off-balance sheet commitments for which forbearance measures did not lead to the extinction of the initial debt. When the borrower meets financial difficulties, his exposures are reported as impaired. These exposures may become subject of restructuring measures and after an observation period certain exposures can be reclassified as non-impaired.

In millions of euros	31 December 2013 Total of forborne exposures
Loans and receivables (excluding repurchase agreements)	**2,133**
Doubtful forborne loans - gross value	*1,812*
Doubtful forborne loans - specific provisions	*(637)*
Doubtful forborne loans - net	1,175
Healthy forborne loans - net	958
Off-balance sheet commitments	**186**
Total	2,319

The identification of forborne assets classified in the Loans and receivable category, is partly based on accounting data and does not necessarily correspond with a risk based approach on the full scope of activities.

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'.