BNP Paribas Fortis SA/NV
Annual Report 2014

Introduction

The BNP Paribas Fortis Annual Report 2014 contains both the audited Consolidated and 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 2014, with comparative figures for 2013, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, are followed by the audited Non-consolidated Financial Statements 2014 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 discrepancies with previously reported figures may appear. 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 2014 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 2014 is available on the website: www.bnpparibasfortis.com

Content

BNP Paribas Fortis Consolidated Annual Report 2014

Report of the Board of Directors

A word from the Chairman and the CEO

BNP Paribas Fortis succeeded in posting solid results in 2014 in spite of the challenging environment. We booked a net profit of EUR 1,246 million, compared with EUR 637 million in 2013.

The unprecedented low interest rates, low inflation and weak economic growth did not prevent us from strongly focusing on our customers during the year which delivered notably the following:

- Total deposits in Belgian Retail Banking grew by 5.1% to reach EUR 106 billion.
- Customer lending rose 2.1% to EUR 88 billion, with loans to individual clients in particular showing an increase while lending to small and medium-sized businesses held up well.
- Despite annual increases in taxation and strong regulatory requirements, we managed to keep costs under control.
- Low cost of risk

We are living in a fast-changing world. Technological advances, new communication methods, the spread of digital tools, a never-ending stream of information and the increasing importance of social media in both personal and business life provide the general public with a wide range of choice in running their financial affairs. This represents a considerable challenge for banks, which are embedded in all areas of society. We need to adapt to, and also anticipate the needs and wants of, our customers. Back in 2014 BNP Paribas Fortis drew up a strategic plan designed to enable the Bank to meet these new challenges. We set out a number of key principles intended to help us differentiate ourselves from the competition in all our activities and initiatives: (1) Resolutely engage with clients; (2) Make things as easy as possible for everyone; (3) Dare to innovate; and (4) Strive to create value for the Bank and society as a whole.

Our central goal is to be the bank of choice for our customers. Enabling the customer to interact with us through his/her favourite channel is key in this respect. As part of our drive for increased availability, the opening hours at our branches were adjusted as from October 2014, with evening and Saturday opening. In our network we placed greater emphasis on advisory.

During the year, we brought on to the market a range of new digital initiatives which combine simplicity and user friendliness. The product and service range of Hello bank!, our 100% mobile bank, was further expanded with, inter alia, a prepaid card and credit card and a consumer credit offering. Hello bank! is now firmly positioned as a lifestyle brand. In addition, we launched pop-up stores in Antwerp and Brussels, which proved to be extremely popular.

Among the many initiatives designed to support the real economy which the Bank rolled out in 2014, we would make special mention of our 'Boost your business' campaign. This action, targeted especially at the self-employed, entrepreneurs and members of the liberal professions, featured a powerful publicity campaign and combined simplified borrowing procedures, specialist advice and cooperation with sectorial representative federations.

We believe that growth creation in the strictly-regulated banking sector is still feasible through innovation and the use of new technology, provided that these are implemented in the customer's interests. Innovation basically means seizing opportunities, having strong insights into the real needs of the customer coupled with a thorough understanding of the new technologies, and coming up with new ideas on that basis. In order to foster an innovation culture in our organisation, we set up during 2014 a 'Home for Innovation'. This unit of innovation specialists is tasked to 'scout' for new ideas throughout the Bank and help our various businesses to develop them. In addition, 'Innovation Hubs' were set up at eight of our Business Centres, where highly specialised client relations staff and credit officers can provide clients from innovation-oriented sectors with tailored products and services. Our initiatives with Co.Station and MyMicroInvest are also part of this innovation-oriented framework.

We expect 2015 to be another challenging year. However, USD-EUR exchange rates favouring exports and lower energy costs could in the longer term have a positive effect on the economy and on the bank going forward.

We continue to work to the satisfaction of our clients, whom we thank for the trust they place in us, and to support the economy through our professional skills. We will pursue this direction in 2015, in order to build a Bank in which our customers can have even greater confidence. We would also like to take this opportunity to thank our staff for their day-to-day efforts to ensure the success of BNP Paribas Fortis. In 2015 we will continue to strive to be the Bank of choice, on which both staff and customers can always rely.

Max Jadot
Chief Executive Officer

Herman Daems
Chairman of the Board of Directors

Sound business performance in an adverse economic and financial environment

The economic context in 2014

The second quarter of 2013 clearly marked the trough in the European economic downturn, which began back in 2010 in the wake of the sovereign debt crisis. Since then, there has been some degree of economic pick-up although growth figures remain very modest, with eurozone GDP up by 0.9% in 2014. In Belgium, the trend was similar, with a low point reached in the first quarter of 2013, when GDP growth was still slightly negative. Since then, domestic consumption has shown some momentum and GDP was up by 1% in 2014. Household consumption actually increased by 1% in 2014, thanks to an improvement in consumer confidence. In addition, house prices remained roughly stable, while land prices continued to rise, confirming a trend observed in recent years.

Regarding public finances, 2014 will be remembered as a rather difficult year for the eurozone, although progress was evident in some countries, especially those which, having been worst hit by the crisis, had received assistance from the European Union and the IMF. Generally, public debt in the eurozone continued to rise, reaching an average of 95% of GDP, a sharp deterioration from the 65% level which prevailed before the 2008 financial crisis. In Belgium, a number of state guarantees granted in the past have now, following long debates involving both the European Commission and Eurostat, finally been added to the national debt, resulting in Belgium's public debt rising again above 100% of GDP. Meanwhile Belgium's 2014 budget deficit amounted to 3.3%. The government's goal remains to evolve towards a structural balance by 2015, but this might prove hard to achieve unless the economy picks up significantly.

While economic conditions showed modest improvement during 2014, structural headwinds continue to hamper any real economic turnaround. Unemployment remains a huge challenge, especially in the peripheral countries, with the eurozone unemployment rate still standing at a very high 11.5%, and youth unemployment not far below 24%. Almost one out of four young people in the eurozone is now unemployed. In Belgium, the unemployment rate continued to rise, reaching 8.5%, while the youth unemployment rate came close to 22%. Action to address some of the country's structural weaknesses finally began, as the new government announced, inter alia, a major restructuring of the pension system. However, the full effects of these measures will take many years to become visible.

Meanwhile credit conditions in Belgium remained favourable, as interest rates reached new lows for both households and businesses. However, as has been the case in recent years, the weak economic environment translated once again into lower demand for credit. Growth in lending to non-financial corporates was slightly down, while loans granted to households stabilised, thanks to a lively housing market. The drop in long-term interest rates also triggered massive refinancing of mortgages. At eurozone level, lending by financial institutions continued to contract, confirming the prevailing trend of the past five years. The discrepancy between Belgium and other countries is largely due to the fact that a severe deleveraging of the banks' balance sheets already took place in 2008 in this country, while a lot remains to be done elsewhere. The contraction has been particularly sharp in southern European countries, where banks remain in a highly challenging situation, as the Asset Quality Review conducted by the European Central Bank (ECB) confirmed in November 2014. The majority of the banks that did not pass the stress tests (roughly 10% of the banks under review) are based in Southern Europe.

The low growth environment has continued to moderate price evolution. Across the eurozone, including Belgium, inflation is now close to zero, raising fears of a 'Japanisation' of Europe, i.e. a prolonged period of zero growth and zero inflation. The ECB commented frequently on this threat during 2014 and its move to revive the 'quantitative easing' programme was triggered by concerns over potential deflation. The declining inflation rate was already behind the ECB's decision to cut interest rates further in 2014, bringing one of its key rates below zero, and the door remained open for more unconventional measures such as large asset purchases. Eventually the ECB decided in January 2015 to increase the size of its balance sheet by EUR 1,150 billion in the near future. The combination of all these policy announcements led to a sharp depreciation of the euro, which lost more than 20% of its value against the US dollar in the final months of 2014. This should however be good news for European, including Belgian, exporters.

Unlike in previous years, the European sovereign debt crisis was off the agenda for financial markets in 2014 and tensions eased further, narrowing interest rate spreads. However, in the last few weeks of the year, renewed unrest in Greece triggered a wave of uncertainty, with significant increases in long-term rates on Greek debt. The major difference from the situation in 2011 is that no contagion towards other markets was observed in 2014.

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, while their strategies continue to be conditioned by the phase-in of the stricter Basel III requirements and more restrictive regulations.

Core Businesses

BNP Paribas Fortis

BNP Paribas Fortis covers both the Retail Banking and Corporate & Institutional Banking activities of the BNP Paribas Group in Belgium. The Bank employs a total of 14,767 FTEs 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 professions, 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 Bank, Belgium.

Retail & Private Banking Belgium

BNP Paribas Fortis is the market leader in Retail & Private Banking (RPB) in Belgium, serving 3.6 million clients and with strong positions in all banking products. Retail customers are served through an omni-channel distribution strategy:

- The network comprises 816 branches (of which 230 are independent branches), supplemented by 302 branches under the Fintro brand and 680 sales points under a 50-50 joint venture with bpost bank.
- Other channels include a fleet of 3,883 ATMs, banking services via internet, Easy banking and Mobile banking (1.25 million active users) and Hello bank!.
- The Bank's Easy banking centre is available 83 hours a week, processing around 60,000 calls per week.

A long-term partnership with AG Insurance further reinforces the distribution power of the Retail network and builds on RPB's long experience in the bancassurance field.

With 36 Private Banking Centres and one Private Banking Centre by James (Private Banking Centre with remote services through digital channels), 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 BNP Paribas Fortis' 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.

The past year was marked by extremely low interest rates, due to the European Central Bank's monetary policy. This in turn led to reductions in the yield on savings accounts. At the same time, these low rates prompted large numbers of borrowers to request refinancing of their existing mortgage loans. Demand for mortgages strengthened in the second half of the year following an announced revision of the tax rules in Flanders from 2015, entailing less favourable conditions for borrowers. Consumer credit also saw steady growth, boosted by good car financing results due to the Auto Fair. Meanwhile the account packages for Individual Clients were re-worked in order to meet their changing needs. The new packages have been on offer since 1 January 2015.

RPB has been putting considerable efforts into the rollout of an 'omni-channel' strategy. 2014 saw increasing use of PC banking and the Easy banking mobile app passed the milestone of a million downloads towards the end of the year. We set up chat sessions with customers and ran webex sessions between advisors, specialists and customers. In addition, a number of iPad apps for advisors were developed to enable them to make use of the latest technologies for such purposes as running simulations during discussions with customers. RPB also signed an exclusive cooperation agreement with Six Payment Services for the purpose of offering a market-competitive payments terminal specifically aimed at self-employed traders and clients from the liberal professions.

As part of our policy of extending branch availability, opening hours were adjusted as from October 2014. Appointments may now be made at branches up until 7pm on weekdays and they are open from 9am until noon on Saturday mornings. An intensive media campaign was conducted in order to inform customers about these changes and interactive welcome screens were installed on the entry door to branches, so that customers can sign in, request to speak to an advisor, or find out where the nearest open branch is located. WiFi has been installed at all branches to allow customers to use their mobile devices and enable advisors to give demonstrations of the mobile apps provided by the Bank.

The offer range of Hello bank!, the mobile bank launched in 2013, was further expanded with, inter alia, a prepaid card, credit card and access to consumer loans. In 2014 Hello pop-up stores appeared on shopping streets in Antwerp and Brussels and the hellobank.be website was re-vamped. Hello bank! is being positioned as a lifestyle brand, with the launch of new platforms such as helloplay.be, hellospace.be and hellotrends.be.

Meanwhile, 'Hello4You' was launched, a new approach designed for the younger generation, combining the app-based Hello bank! with the advisory service available at branches and through the Easy banking centre. The central features are a free current account for customers up to 28 years of age supplemented by a prepaid credit card. We ran an advertising campaign in support of the offer, and also made direct representations on the campuses of several universities at the start of the new academic year.

During 2014, the 'Portfolio Advice' contract was extended to Priority customers – i.e. Retail customers with assets under management (AuM) worth EUR 85,000 – EUR 250,000 – and 'James' clients. 'James Priority' is a personalised remote investment service which makes advisors available to Priority customers by telephone or on a video conferencing link.

Moreover, Private Banking expanded its service range with the launch of 'Private Banking by James', a comprehensive private banking service with extended hours. All private banking personnel were also equipped with an iPad, which enables them to arrange video-meetings with clients. This means that a specialist in such fields as Patrimonial Lending and Wealth Management can provide advice remotely, with greater convenience to the client. The persistently low market rates prompted our Asset Management experts to come up with innovative solutions, which led to a rise in the volume of assets under management. Our training programme for the 'Certified Private Banker' professional qualification was stepped up, with a view to further raising the knowledge and skills of our private banking staff.

Given the low yields on savings accounts, the 'Flexinvest' savings formula – an automated fund investment programme – proved highly popular with clients. Other new investment instruments were also created. For example, clients in Belgium were offered the chance to subscribe for the first-ever stock index-linked 'Green Growth Bond' issued by the World Bank. This issuance further boosted the volume of the Bank's Socially Responsible Investments (SRI).

In 2014 the Bank also saw very strong growth in its SRI offering portfolio. Total assets under management more than doubled to EUR 2.85 billion. The Bank held 3,485 mandates under the discretionary portfolio management (DPM) for SRI, accounting for EUR 1.16 billion in AuM. The second driver of this strong growth was the new product launches, including the SRI Portfolio Fund of Funds, with EUR 406 million in AuM, and the Smart Invest Bon SRI Europe (a Forum Ethibel certified impact investing product) with EUR 349 million in AuM by year-end.

Meanwhile the Bank for Entrepreneurs launched a high-profile campaign entitled 'Boost your Business', based on a competition to promote the name recognition of local Belgian businesses, run in conjunction with the RSC Anderlecht football club. BNP Paribas Fortis offered the winning businesses the chance to display advertising on the Anderlecht team shirts during an official match. In addition, as part of the Bank's drive to support the real economy, loans were offered to self-employed and liberal professions clients on a 'pre-approved' basis, with a view to substantially reducing the loan application and approval time. Moreover, the Bank took specific action to support clients from the liberal professions, setting up partnerships with their professional federations and providing further specialised training to advisors. We also intend to extend this collaborative approach to the legal profession. In 2014 the Bank for Entrepreneurs embarked on an intensive training programme for staff to qualify as 'Certified Enterprise Advisor'. This will help to further raise the knowhow and skill levels of our advisors and thoroughly equip them for their role as the designated discussion partners for entrepreneurs and business owners.

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 600 corporate clients and over 7,000 midcap clients, CPBB is the market leader in these two categories and a strong challenger in public banking, currently with 570 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. A team comprising more than 35 corporate banking experts and more than 190 relationship managers in 16 Business Centres, aided by skills officers, ensures that BNP Paribas Fortis has its finger on the pulse of the market.

In 2014, CPBB continued its efforts to remain the 'top of mind' provider of financial services 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. The close links between Corporate & Public Bank Belgium and the 75-plus countries in the network enabled CPBB to bring a large number of new clients within the fold.

As corporate customers also now have greater expectations for digital interaction with their financial service providers, CPBB accelerated its programme for enhanced offerings of digital services. Moreover, CPBB began in 2014 to segment its client base more deeply in order to optimise its relationship banking model. CPBB will approach each client segment through an appropriate mix of multiple channels.

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 2014 a number of innovation initiatives, including a platform for employees where innovative ideas around specific campaigns can be posted, evaluated and taken forward. Meanwhile 'Innovation Hubs' have been set up at eight CPBB business centres in order to support clients who are active in innovative sectors, through an adapted service offering, specialised relationship managers and credit officers. The initiatives at CPBB also led to a bank-wide decision to create new unit, called the Home for Innovation, to develop innovative solutions to meet the challenges of a fast-changing world.

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 & Institutional Banking

BNP Paribas Fortis Corporate & Institutional 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). TBE is part of Corporate Banking Europe (CBE).

In 2013, Brussels became the centre for **Specialised Financing** 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.

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 midcaps and international clients. CCBE delivers a full range of CIB banking products and services to corporate clients in non-domestic markets in Europe. It operates through a network of more than 30 Business Centres in 16 European countries.

Notable deals concluded in 2014

Corporate Finance

- In January, B2B digital services provider Econocom successfully placed a EUR 175 million convertible bond to support the company's growth plans. BNP Paribas acted as Joint Lead Manager and Joint Bookrunner.

- In March, real estate group Ascencio made a successful capital increase of EUR 81.5 million through the issuance of new equity on the stock market, thus strengthening the group's capital base following a series of acquisitions of new buildings and projects in their portfolio. BNP Paribas acted as Joint Bookrunner.

- During the summer period BNP Paribas successfully closed a series of M&A transactions in the Belgian midcap market segment, including the acquisition of Pro Data Mobility Systems, a company providing ticketing controlling systems for public transport companies, by the Austrian Kapsch group; and the takeover of KAV, a firm operating bus lines on behalf of De Lijn, by the Waaslandia Group, a consolidator in this industry.

- In June 2014, BNP Paribas acted as Joint Global Coordinator and Joint Bookrunner in the successful inaugural EUR 300 million convertible bond issued by steel wire transformation and coatings specialist Bekaert.

- In December, Euronext Brussels-listed Belgian maritime group CMB decided to widen its activities by adding a container business. BNP Paribas advised the independent Board directors on this transaction.

- Just before year end, the Chinese Anbang Group appointed BNP Paribas as its advisor for the purchase of Delta Lloyd Bank Belgium. Signed in late December, the deal is due to be closed in Q1 2015.

Capital Markets - Fixed Income

- BNP Paribas Fortis acted as Co-Coordinator and Joint Bookrunner on a EUR 350 million landmark transaction for natural gas grid and storage infrastructure operator Fluxys Belgium. The deal featured two tranches on tenors of 15 and 20 years for amounts of EUR 250 million and EUR 100 million respectively, the proceeds to be used for general corporate purposes, including the repayment of a EUR 350 million retail bond maturing in December 2015. For the combined amount of EUR 350 million, the 15-year and 20-year tenors are the longest ever achieved in the nascent unrated European private placement market.

- BNP Paribas Fortis acted as sole Lead Manager for the first public offer of an equity-linked green bond issued by the World Bank. The note garnered over USD 91 million, which made it the largest non-euro equity-linked bond issue in Belgium in 2014. This transaction is regarded as one of the most innovative deals in the European structured product market in 2014.

Specialised Finance

Export Finance

- BNP Paribas Fortis acted as Mandated Lead Arranger and Bookrunner on EUR 2.1 billion financing facilities involving three export credit agencies – Office National du Ducroire (Belgium), EKF (Denmark) and Euler Hermes (Germany) – plus the European Investment Bank and 12 commercial lenders, for the purpose of financing the 600MW Gemini greenfield offshore wind farm located off the coast of the Netherlands. This is the largest-ever offshore wind farm financing deal.

Leveraged Finance

- BNP Paribas Fortis acted as Mandated Lead Arranger and Bookrunner in a EUR 2.15 billion Leveraged Buy Out debt package to finance the acquisition of Grupo Hospitalario Quiron, the second-largest private hospital operator in Spain, and refinance IDC Salud, Spain's largest private provider of healthcare services. This is a landmark transaction in the Spanish and wider European Leveraged Loan market.

Media & Telecom

- BNP Paribas Fortis acted for ProSiebenSat.1 Media AG as Mandated Lead Arranger and Bookrunner on a new EUR 2 billion 5-year unsecured loan. The company is one of Europe's largest media groups, reaching more than 42 million households through 15 television stations in Germany, Austria and Switzerland.

Project Finance

- BNP Paribas Fortis acted as sole Mandated Lead Arranger for DCT Gdańsk SA on EUR 290 million financing facilities designed to refinance the company's existing debt and finance capacity upgrades. DCT Gdańsk is Poland's largest and fastest-growing container facility and the only deep-water terminal on the Baltic Sea.

Corporate Acquisition Finance

- BNP Paribas Fortis acted as sole Underwriter and sole Bookrunner for Koninklijke Nedschroef Holding BV on EUR 160 million financing facilities designed to finance part of the acquisition of Nedschroef by Shanghai Prime Machinery Corporation and for general corporate purposes. Dutch firm Nedschroef is the leading supplier of automotive fasteners in Europe.

BGL BNP Paribas SA

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

- N° 1 in Corporate Banking
- N° 2 in Retail Banking
- N° 1 Financial sector employer
- N° 1 Banking business within the EU economic area known as the 'Grande Région'

Retail Banking

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 an online branch and 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 172,000 clients, representing a 16% market share. It is also the number one bank for corporates, with 35,500 clients, equivalent to a 29% share of the market. In addition, the five BGL BNP Paribas Wealth Management Centres, which are attached to the branch network, provide Private Banking services to clients resident in Luxembourg. Direct Banking was founded in 2014 to combine all remote banking activities, including NetAgence for routine business and Personal Investors for online investment advice.

During the year BGL BNP Paribas continued with the A³ (Activation, Acquisition, Attention) programme designed to develop and strengthen customer relationships. We also pursued a plan to transform and expand our network of branches and ATMs. With a strong emphasis on customer care, the plan is intended to strengthen the multichannel model.

Regarding products and services, BGL BNP Paribas launched in April its new range of World MasterCard premium credit cards; an end-to-end insurance and assistance solution combined with the Premium Benefits loyalty programme; and a new themed range of funds in partnership with BNP Paribas Investment Partners. The Bank now has a comprehensive offer range designed to meet customers' changing needs.

Meanwhile BGL BNP Paribas has embarked on a transition to the digital age. The first step was the creation of Direct Banking, which covers a range of needs – from day-to-day services to investment – for both local and international customers. Following the introduction of paperless statements in 2013, the Retail Banking network is now equipped with tablets so as to avoid the use of paper. In addition, the Bank's range of mobile solutions has been expanded by adding iPad and Android applications.

Business Banking is aiming to become the leader in Luxembourg and in Europe for treasury and cash management. At the beginning of the year, we launched notional multicurrency pooling with netted balances. Designed for international companies, this cutting-edge solution expands the range of cash management products and services.

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 able to call on the expertise and knowhow of the BNP Paribas Wealth Management teams worldwide.

Building on previous efforts during the year, Luxembourg Private Banking confirmed its ambition of providing network-backed private banking, continuing to develop its business both by migrating clients from the Retail network and by acquiring new clients. To do so, we made use of dynamic sales promotions and ran a new communication campaign. The creation of a new identity at the beginning of the year was a further step in the division's development, underscoring our ambition to become the private bank of choice for Luxembourg residents.

Corporate & Institutional Banking

BNP Paribas Corporate & Institutional Banking (CIB) 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 draw on the knowhow and the service range of the entire BNP Paribas Group.

BNP Paribas Bank Polska SA

BNP Paribas Bank Polska SA is a universal bank which services both retail and corporate clients in Poland. The Bank is structured around three major Business Lines: Retail Banking (including Private Banking and services to small and medium-sized enterprises); Personal Finance; and Corporate & Transaction Banking. BNP Paribas Bank Polska has a network of 221 retail banking branches, 27 SME Financial Centres and nine Business Centres servicing corporate clients, with over 420,000 customers.

In a market characterised by intense competition, BNP Paribas Bank Polska continued its growth strategy in 2014, with a focus on gradual and sustainable increase in profitability, maintaining a prudent risk profile. During the year BNP Paribas Bank Polska acquired some 87,000 new customers.

The effects of recent optimisation programmes combined with continuous cost control enabled the Bank to limit the growth of expenditure, despite investing in business growth and implementation projects such as digital banking. A prudent risk management policy enabled the Bank to maintain a low cost of risk and continue to improve the quality of the loan portfolio.

BNP Paribas Bank Polska saw continued progress on strategy implementation across the Business Lines in 2014. Meanwhile the Bank maintained solid capital and liquidity positions, boosted by the issue of new shares. In May the Bank carried out a public stock offering, increasing the free float to 15% and raising PLN 218.7 million.

The product range designed for individual customers has been developed further to cater for client segments specifically targeted by BNP Paribas Bank Polska – Mass Market, Aspiring, Affluent and Prestige clients – who are serviced through a typical multichannel model including the branch network, the Internet, a contact centre, plus external channels such as car dealers, insurance companies and financial brokers. In order to expand relationships with existing customers and acquire new ones, a new highly flexible personal account was introduced under the name Konto Dobrze Dobrane ('Well-Suited Account'), allowing customers to tailor the range of products and services to their personal needs.

Meanwhile the Bank further developed its digital banking offering, introducing iKonto, a personal account with a debit card and Money Back programme for online payments. The process of opening iKonto is entirely remote and does not require the customer to visit the branch.

The Bank's strategy is to acquire new customers through competitively-priced cash and car loans bundled with other products, such as current accounts and insurance, or based on certain conditions such as cash inflow and account usage. Supported by an attractive offering and powerful marketing campaigns by Personal Finance, the volume of cash loans granted in 2014 was up on the previous year.

The Bank is also a major player in the car financing business, where it intends to consolidate its leading position in used car finance by boosting its distribution network, and also to increase its penetration in the new car segment through partnerships with car makers and dealers. To bolster this strategy, the Bank concluded cooperation agreements with Hyundai Motor Poland Sp. z o.o. and Kia Motors Polska Sp. z o.o. in June 2014.

BNP Paribas Bank Polska provides services through the Private Banking unit and six Private Banking Centres to high-net-worth individuals holding assets worth PLN 600,000 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 2014 the Bank further strengthened its offering tailored to the needs of micro-companies and self-employed professionals. The offering is distributed via the Retail network and is based on secured or unsecured loans at promotional rates, bundled with insurance products and active accounts. Sales are supported by a fast, score-based credit process underpinned by prudent risk profiling. In 2014 new service packages for micro-businesses, including the new 'Model 7.0.' Internet account, were launched. In addition, the Retail Banking arm serves SMEs – i.e. companies with a turnover of up to PLN 60 million per annum – through 27 dedicated SME financial centres and SME client advisors.

The Bank provides SME companies with a broad and competitive offer of financing and banking solutions (loans, cash management, trade finance, FX, leasing and factoring), with special expertise in EU-backed loans, and has taken steps to improve its credit process in order to reduce the time for loan approval and drawdown, while maintaining a prudent risk approach. In 2014 the Bank introduced loans secured with a government guarantee within the De Minimis programme, which supports lending to small and medium-sized companies.

The Bank has acquired expert knowledge in the field of EU funding and access to loans financed by the EIB and EBRD. In 2014 the Bank launched Energo loans designed to finance investments by small and medium-sized enterprises under the Sustainable Energy Financing Facility Programme (PolSEFF 2) subsidised by the EBRD, the National Fund for Environmental Protection and Water Management and Energo Leasing, under the umbrella of the EIB-supported Green Initiative programme. The Bank also received the EBRD Sustainability Award. During the year, the Bank ran 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 located in large cities countrywide. CTB clients include both domestic companies and subsidiaries of multinational corporations that are customers of BNP Paribas on a global scale, fully leveraging the BNP Paribas Group's 'One bank for Corporates in Europe' programme. In spite of the intensely competitive environment, CTB posted stable revenues in 2014, supported by highly successful product lines, namely 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 cooperates closely with the BNP Paribas SA branch in Poland, part of the Corporate & Institutional Banking Core Business, which is responsible for client coverage for some 20 large domestic corporate and institutional clients and is in charge of the Group's investment banking offer in the local market.

BNP Paribas Bank Polska has three 100%-owned subsidiaries: the asset management company TFI BNP Paribas Polska SA; BNP Paribas Factor Sp. z o.o., a company which provides both non-recourse and recourse factoring services; and Fortis Lease Polska Sp. z o.o. (FLP), which is now in liquidation. In 2014 the leasing activities of FLP were transferred to the Bank in order to improve business and cost efficiency.

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.

Following the BNP Paribas Group's acquisition of Bank Gospodarki Żywnościowej S.A. (BGŻ) in September 2014, both banks began preparations for the merger and on 10 October announced a Merger Plan. The purpose of the merger is to strengthen the BNP Paribas Group's position in the Polish market by creating one strong, stable universal bank with greater potential for further growth and development.

Türk Ekonomi Bankası A.Ş. (TEB)

BNP Paribas Fortis operates in Turkey through TEB, in which it holds a 45.76% stake through TEB Holding and BNP Paribas Fortis Yatırımlar Holding A.Ş. As of 14 November 2014, the purchase of one share by BNP Paribas Fortis Yatırımlar Holding A.Ş. entitled the controlling shareholders to launch a squeeze-out procedure in accordance with the applicable law and regulation and it was agreed that BNP Paribas Fortis Yatırımlar Holding A.Ş. would be the acquiring entity. The procedure includes the first a 'right to sell' for minority shareholders followed by a 'squeeze-out' by the controlling shareholders. The minority shareholders' 'right to sell' expired on February 17, 2015 and the 'squeeze-out' is expected to be finalised during the first half of 2015.

As at 30 September 2014, TEB ranks 10th in the Turkish banking sector in terms of market share for loans and deposits, and provides the full range of BNP Paribas Group Retail products and services in the country.

In Retail Banking, TEB provides debit and credit cards, mortgage loans, personal loans, and investment and insurance products, which are distributed through 551 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 highly successful example for a merger in the Turkish market, TEB continues to grow. Throughout 2014, the Bank achieved a highly satisfactory performance in both revenue generation and profitability, despite the unfavourable conditions in the banking sector in Turkey.

Steadily increasing the accessibility of its services, TEB today operates through a total of 551 branches and over 1,600 automated teller machines throughout Turkey. While growing its network, TEB is also working to improve efficiency. During the period from end-2009 to end-2014, we achieved significant improvements in most of the efficiency indicators.

Meanwhile, 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, some 160,000 people have received free financial literacy training.

Corporate Social Responsibility

Economy

With EUR 88.6 billion in outstanding loans to enterprises and individuals at end 2014, the Bank continues to provide strong support to the real economy. Outstanding lending to 'Green and Social Profit' sector investment projects amounted to EUR 6.3 billion. This included, among other projects, EUR 2.4 billion in investment in the social profit sector (hospitals, universities, etc.), EUR 2.37 billion in 'green' mortgages, EUR 1.2 billion (CPBB EUR 279 million and CIB EUR 917 million) to support projects in the renewable energy field and EUR 130 million for the purchase of 'green' vehicles.

The Bank is also a key partner in 'Schools for Tomorrow', one of the largest social infrastructure projects in Europe. Through a public-private partnership, EUR 1.5 billion is being made available for the construction or renovation of 165 schools in Flanders. The first new school, in Londerzeel, was inaugurated in September 2014 and 50 construction sites have been started.

In addition to product launches in innovative Socially Responsible Investments (SRI) leading to an SRI portfolio of EUR 2.85 billion, the Bank continues to innovate its product range in order to respond to the changing needs for financing in today's society. Examples of such initiatives are the newly-signed partnership agreements with MyMicroInvest, a market leader in crowdfunding in Belgium, and with Co.Station, an accelerator for young companies working in the digital economy.

All business conducted by BNP Paribas Fortis is subject to our policies regarding sensitive sectors. In 2014, twelve proposed transactions were submitted to an in-depth investigation to verify compliance with the sector policies, as a result of which two transactions were rejected. Some 259 employees exposed to sensitive sectors followed training courses designed to increase their understanding of our sector policies.

Our continuous efforts to promote ethical banking conduct also included targeted training programmes on combating money laundering, privacy and data protection, and protecting clients' interests. Over 15,000 staff took part in these programmes. In addition the Bank ran an intensive Customer Satisfaction campaign, based on five fundamental values: readiness to listen, transparency, partnership, approachability and social commitment.

Staff

BNP Paribas Fortis continues to raise awareness of social issues among staff and has since 2012 linked part of employees' variable salary component to the attainment of a number of CSR targets. As from 2014, the development track for new managers also now includes a field exercise with social entrepreneurs.

The efforts the Bank makes to promote diversity among staff saw the addition of various new initiatives during 2014, including a Diversity Week featuring 15 events focusing on social inclusion in various locations in Belgium, with more than 1,000 participants; and a team brainstorming exercise on Diversity, in which more than 1,000 teams, involving just under 10,000 staff, took part.

Society

Specialist microcredit provider microStart pushed ahead with its expansion, opening two new branches, in Antwerp and Charleroi, and is now active in five Belgian cities. In 2014, microStart interviewed 2,949 project originators and granted 582 micro-loans (a 45% increase on the 402 granted in 2013) for a total of EUR 3.62 million, representing an 89% increase on the EUR 1.92 million lent in 2013. Vlerick Business School, at which the Bank sponsors an academic chair, carried out a study to assess the socio-economic benefits and overall impact of the microStart initiative. The study, based on the first 315 loans supplied by microStart, shows that after a period of 1.5 to 3 years, 60% of those who had taken out a loan are still running the company they set up, while 21% have started another business or are in salaried employment. This resulted in savings of EUR 1.09 million in social security costs, and a gain of EUR 1.12 million in tax revenue to the Belgian State.

BNP Paribas Fortis has also stepped up its efforts to support social entrepreneurship, in co-operation with organisations such as i-propeller, Poseco, De Punt and ICHEC business school. Three pilot events for coaching social entrepreneurs were organised in Belgium last year and the Win-Win fairs are being re-oriented towards social entrepreneurs.

Following its first four years of activity, BNP Paribas Fortis Foundation commissioned an impact study to evaluate the relevance of its philanthropic activities. A major conclusion from the stakeholder consultation is that lack of education is a major cause of long-term poverty among members of underprivileged families facing social exclusion. Accordingly, the Awards programme is to be re-focused towards integrated projects that address both poverty and educational needs. The Awards accounted for the major part of the EUR 1.06 million in financial aid provided to 205 social work organisations (with 145 others receiving material support or volunteer assistance). The Jump programme, which supports educational projects run by neighbourhood charities for three-year terms, was renewed with three new beneficiaries.

In the field of education, the Bank expanded its 'Money Matters Made Simple' financial education programme for clients, which consists of workshops facilitated by Bank staff on a voluntary basis. The 350 sessions held in 2014 attracted over 6,500 participants, compared with 300 sessions involving 2,100 participants in 2013.

The Bank also strongly values its partnerships with Belgian universities, sponsoring five academic chairs and one research programme.

Meanwhile, to help preserve our cultural heritage, the Bank organised a number of events and exhibitions, including Heritage Days in Brussels, when both the historical buildings in the Rue Royale and the strongroom created by noted Belgian designer Jules Wabbes opened their doors to the public. The preservation of the strongroom has been fully integrated into the major plans to entirely re-build the central office building in which it is located. In addition, an exhibition entitled 'War and Peace' went on display in 2014, marking the 100th anniversary of the outbreak of World War I and telling the story of the Bank's employees during the period of hostilities.

The Bank supports several cultural institutions, including the 'BOZAR' fine arts centre and the 'La Monnaie' opera theatre, and also partners the 'Festival of Flanders', for which we received the prestigious Caius Award.

Environment

In 2014, BNP Paribas Fortis had its ISO 14001 certificate renewed for a further three-year period in recognition of the quality of our environmental management. Through our network of 250 'EcoCoach' volunteers across the Bank, we continue to raise awareness among staff of the need to save energy and reduce waste. A targeted 'paper challenge' resulted in an 11% reduction in internal paper consumption over a four month period by the target group, i.e. around half of all our staff in Belgium. In addition, more than 600,000 customers have now opted to save their statements securely online, thus reducing their paper consumption. Meanwhile our initiatives to reduce our CO2 emissions included inter alia the installation of new energy monitoring systems in 116 of our retail branches. Thanks to a new 'green car' policy, which allows the combination of a company car with public transport, overall car use by Bank staff commuting to and from Brussels decreased by 8% over the 2011 - 2014 period.

Changes in the scope of consolidation

Information on the changes in the scope of consolidation is provided in Note 8.a 'Scope of consolidation' and Note 8.b 'Business combinations'.

BNP Paribas Fortis credit ratings at 17/03/2015

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

The table above shows the main BNP Paribas Fortis credit ratings and outlook at 17 March 2015. 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 was no adjustment to the credit ratings in the course of 2014. On 29 May 2014, Moody's announced that it had changed the outlook to Negative on the long-term rating of 82 European banks, including BNP Paribas Fortis. These rating adjustments were made following the adoption by European Union legislators of the Bank Recovery and Resolution Directive and the Single Resolution Mechanism Regulation.

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 sound 2014 results mainly supported by a resilient business performance in a challenging economic, financial and regulatory environment, with ongoing containment of expenses and a low level of cost of risk.

Operating income amounted to EUR 2,217 million, a strong increase of EUR 748 million, i.e. 51%, on 2013, thanks to a lower cost of risk, higher revenues and good cost control. The cost of risk reached a low level despite the challenging economic environment. Commercial revenues (net interest income and net commission income) were supported by higher net interest income (driven by higher volumes of loans and deposits) while net commission income was under pressure. Financial revenues (net results on financial instruments at fair value through profit or loss and net results on available-for-sale financial assets and other financial assets not measured at fair value) benefited from a less negative own credit risk spread impact, partly offset by lower capital gains on sales of government bonds. Total expenses were positively impacted by overall good cost control through 'Simple & Efficient' programmes in most geographies, despite higher banking taxes and selected investments in growth.

Net income attributable to shareholders came in at EUR 1,246 million, compared to EUR 637 million in 2013. The negative result from associates in 2013 was mainly driven by an impairment of EUR (446) million on the asset management participation, now leading to a strong increase in earnings of associates in 2014.

Comparison between the 2014 and 2013 results is significantly impacted by the change in consolidation method with regard to TEB. In 2014, TEB was reported on the basis of the full consolidation method, while consolidation in 2013 was performed under the equity method in the restated profit and loss account for that year. The TEB group has been fully consolidated since 20 December 2013, having previously been proportionally consolidated. The application of IFRS 11, Joint Arrangements led to its consolidation under the equity method until 20 December in the restated 2013 financial statements. The TEB group therefore contributed to the IFRS 11 adjustments to the balance sheet as at 1 January 2013 and to the profit and loss account of 2013. The TEB group was fully consolidated in the balance sheet as at 31 December 2013. The previously published figures for 2013 (with TEB consolidated under the proportional method) are presented in Note 8.o 'Retrospective impact of IFRS 11', as well as the restated 2013 figures in accordance with IFRS 11 (with TEB consolidated under the equity method). This change in consolidation method has no impact on the net income attributable to equity holders but the comparative figures for 2013 are restated accordingly under all other headings of the profit & loss account.

In addition, the branches in the UK and in Portugal are no longer part of the consolidation scope, having been transferred to BNP Paribas in the course of 2013, and some leasing entities in the UK moved from full consolidation in 2013 to consolidation under the equity method in 2014. The transfer of the branch in Germany to BNP Paribas has only a limited impact on the 2014 results as the transaction took place in December 2014.

The impacts of all these changes are detailed in the paragraphs below.

From a geographical point of view, based on the segment reporting of the BNP Paribas Fortis entities, 56% of the revenues were generated in Belgium, 10% in Luxembourg and 34% in other countries.

Net interest income reached EUR 5,069 million in 2014, an increase of EUR 1,212 million or 31% compared to 2013. The change in consolidation method for TEB had a positive impact of EUR 951 million, partly counterbalanced by the negative impact of EUR (24) million due to the transfer of the branches in the UK and in Portugal (which thus moved outside the consolidation scope) and the change in consolidation method (from full to equity method) for some leasing entities in the UK. The remaining increase is supported by a good performance in Belgium, Leasing and Personal Finance, partly counterbalanced by lower net interest income in Luxembourg and in the Bank's foreign (CIB) branches. The improved result in Belgium was mainly due to higher interest income on loans (mainly on mortgage loans thanks to margin and volume effects), lower interest costs on deposits (mainly on savings accounts thanks to re-pricing in 2014 and in spite of an increase in volume) and higher prepayment fees due to the boost in credit refinancing triggered by the low interest rates in 2014. This was partly counterbalanced by lower interest income on the bond portfolio, linked to the low interest rate environment. Interest income relating to Structured Finance (SF) in Belgium was also higher in 2014 as most of the earnings, including net interest income, were reported as commission income in 2013 (awaiting the finalisation of legal documents allowing the final transfer of the loans). Interest revenues at Personal Finance benefited from strong production growth. The lower net interest income in Luxembourg resulted from reinvestment in bonds at lower return and from lower interest income on loans (due to lower margin impact more than offsetting the volume increase, mainly for mortgage loans), while the margin on deposits increased due to positive margin impact, in spite of higher volumes, mainly on current accounts.

Net commission income amounted to EUR 1,641 million in 2014, up EUR 241 million or 17% on 2013. The change in consolidation method for TEB had a positive impact of EUR 316 million, partly offset by a negative impact of EUR (18) million due to the exit of the branches in the UK and Portugal. The remaining decline in net commission income was located in Belgium and Luxembourg, partly counterbalanced by higher commission income in the foreign (CIB) branches. Commission income in Belgium was negatively impacted by lower retrocession fees received from BNP Paribas, relating to capital market activities and by lower income on Structured Finance (all results, including expenses, regarding the not-yet-transferred loans were reported in 2013 as commission income while awaiting finalisation of legal documents allowing the final transfer of the loans). The decrease in net commission income in Luxembourg was driven by lower trailer fees (linked to outflow of funds belonging to non-resident clients), lower fee income on packages offered to clients, lower commissions on stock exchange orders and a decline in retrocessions fees from BNP Paribas related to capital market activities. Commission income at foreign (CIB) branches benefited from the growth plan in Germany and from the entry into the scope of the branch in the Netherlands in May 2013.

Net results on financial instruments at fair value through profit or loss stood at EUR 151 million, down by EUR (98) million compared to 2013. This is mainly attributable to the change in consolidation method related for TEB, with a negative impact of EUR (132) million. The remaining increase was mainly driven by the lower net negative credit spread impact of EUR (8) million in 2014 (resulting from a negative fair value change of EUR (44) million on own debt and a positive fair value change of EUR 36 million on loans to public institutions), compared to EUR (72) million in 2013. The introduction of a Funding Valuation Adjustment (FVA) in 2014 had a net negative impact of EUR (10) million. The evolution of the Debit Valuation Adjustment (DVA) led to a negative result of EUR (13) million in 2014, compared to a positive impact of EUR 23 million in 2013. Overall, Capital Markets and Corporate banking activities were hampered by the difficult market and low interest rate environment.

Net results on available-for-sale financial assets amounted to EUR 107 million in 2014, a decrease of EUR (22) million versus 2013. The change in consolidation method for TEB had a positive impact of EUR 27 million. Lower capital gains on the sale of government bonds in Belgium (a decline of EUR (67) million on Belgian and Polish bonds) were partly offset in 2014 by higher capital gains in Luxembourg (an increase of EUR 14 million due to the sale of a participation in Cetrel and the sale of French government bonds) and by a capital gain of EUR 4 millions on the sale of a mortgage portfolio at the Norway branch.

Net income from other activities totalled EUR 43 million in 2014 compared to EUR 105 million in 2013. The decrease is mainly due to the change in consolidation method for TEB (EUR (23) million, linked to a EUR (5) million foreign exchange loss following the rescheduling of customer loans denominated in CHF and JPY and to some leasing entities in the UK. In addition, other income was lower in Belgium and at Leasing, mainly due to one-off adjustments.

Salary and employee benefit expenses amounted to EUR (2,562) million in 2014, EUR (209) million or 9% higher than in 2013. This is attributable to the change in consolidation method for TEB (an impact of EUR (348) million) partly offset by the transfer of the branches in the UK and Portugal (an impact of EUR 5 million). Staff expenses were significantly lower, mainly in Belgium (fewer FTEs, lower bonuses and lower provisions for restructuring) and in Luxembourg (due to provisions for restructuring in 2013). This was partly counterbalanced by higher staff expenses at the branches in Germany (impact of the growth plan) and in the Netherlands (entry into the consolidation scope in May 2013).

Other operating expenses amounted to EUR (1,731) million in 2014, EUR (368) million or 27% higher than in 2013. The change in consolidation method for TEB accounts for EUR (262) million of this, while the transfer of the branches in the UK and Portugal and changes in the consolidation method for some leasing entities resulted a decrease of EUR 34 million. The cost evolution in Belgium was negatively impacted by higher banking taxes (EUR (227) million in 2014 compared to EUR (163) million in 2013). Cost increases at the foreign branches were mainly driven by the growth plan in Germany and the entry into the consolidation scope of the Netherlands branch in May 2013. Higher costs at Leasing are linked to the growth plan in Germany and the transfer of the Core Business to the affiliate company in Italy.

Depreciation charges stood at EUR (218) million in 2014, EUR (35) million higher than the previous year, mainly due to the change in consolidation method for TEB (EUR (41) million).

Cost of risk totalled EUR (283) million in 2014, compared to EUR (372) million in 2013. The change in consolidation method for TEB (EUR (148) million) and for some leasing entities, together with the transfer of the UK and Portugal branches, had a combined upward impact of EUR (174) million on the cost of risk. Overall, cost of risk was significantly lower in Belgium due to net releases of collective provisions (impact of downgrades and parameter updates on mortgages last year) and lower specific allowances for impairment, mainly at CIB Belgium (as 2013 was impacted by significant specific loan loss impairments). The cost of risk was also lower at the branch in Spain (impacted by significant loan loss allowances in 2013) and in Luxembourg (mainly due to higher releases of collective provisions).

Share of earnings of associates amounted to EUR 150 million in 2014, compared to a figure of EUR (122) million in 2013, which was impacted by a EUR (446) million impairment on the asset management participation. The change in consolidation method for TEB and some leasing entities led to a negative variance of EUR (108) million. The share of earnings in Leasing associates dropped by EUR (54) million, mainly in SREI (due to the impact of the difficult economic situation on the cost of risk and on revenues in India) and in BPLS Spa Italy (due to provisions booked following the difficult environment for real estate and due to the run-down of the portfolio). The contribution of BNP Paribas Investment Partners was EUR (29) million lower than for the same period in 2013, mainly due to higher exceptional earnings in 2013. This was partly counterbalanced by a higher contribution from AG insurance (up EUR 27 million, supported by higher capital gains on real estate investments and bonds).

Net results on non-current assets came in at EUR (3) million in 2014 versus EUR 64 million in 2013. The result in 2014 was driven by an impairment of EUR (27) million on the Brussels head office building 'Montagne du Parc', partly offset by the income from the disposal of the branch in Germany (EUR 16 million), the gain realised on the partial sale of the participation in Belgian Mobile Wallet (EUR 3 million) and the gain on the sale of Cortal Consors to BNPP (EUR 2 million). The 2013 result was mainly impacted by a revaluation of the subordinated loan issued by TEB (EUR 46 million), the liquidation of Fortis Holding Malta (EUR 22 million) and the EUR (9) million loss on the disposal of IT materials.

Income tax expenses in 2014 totalled EUR (701) million with a tax rate of 30%. Excluding the share of earnings of associates, reported net of income taxes, the effective tax rate worked out at 32%.

Net income attributable to minority interests amounted to EUR 417 million in 2014, EUR 129 million higher than in 2013. The main drivers were the change in consolidation method for TEB (EUR 150 million) and lower minority results in the Leasing entities (EUR (53) million, mainly due to the negative result in India). This was partly counterbalanced by a 14.89% increase in the minority interest at BNP Paribas Poland following the IPO (an impact of EUR 3.6 million) and by improved minority results in Luxembourg (up EUR 41 million, in line with the higher net income).

Net profit attributable to shareholders totalled EUR 1,246 million, compared to EUR 637 million in 2013.

Comments on the evolution of the balance sheet

The total balance sheet of BNP Paribas Fortis amounted to EUR 275 billion at the end of December 2014, EUR 19 billion or 7% higher than at end-2013.

The scope change relating to the sale of the assets and liabilities (except for its participation in Von Essen Bank) of BNP Paribas Fortis' German (Frankfurt) branch to BNP Paribas Group in December 2014 had a negative impact of EUR (2.5) billion on the total balance sheet. The change in the way of reporting cash pooling activities as from the first quarter of 2014 at the BNP Paribas Fortis branch in the Netherlands increased the total balance sheet by EUR 6.1 billion (impact as at 31 March 2014). Furthermore, as a result of the planned merger between BNP Paribas Bank Polska and BGŻ, expected to be completed in the first half of 2015, all assets and liabilities of BNP Paribas Bank Polska were regarded as a 'disposal group', classified as held for sale and presented separately from other assets and liabilities in the balance sheet at 31 December 2014, with no impact on the total balance sheet.

In accordance with IFRS 11 'Joint Arrangements', the 2013 comparative figures of bpost bank and SREI, a leasing entity in India, were restated so that they were consolidated under the equity method instead of being proportionally consolidated. The change in consolidation method had no impact on the evolution of the balance sheet.

In 2014, customer loans (mortgage loans in Belgium, term loans in Turkey) and deposits (current and saving accounts in Belgium, term deposits in Turkey) showed strong increases while debt securities and subordinated debt securities were in decline due to reimbursements. More investments in government bonds and bonds issued by supra-national institutions, other banks and corporates in the eurozone were made with a view to re-investing the excess liquidity arising from the growth in customer deposits. The fair value of the derivative instruments on the assets and liabilities side increased, mainly driven by the continuous fall in interest rates. Compression on derivative instruments continued, ('one window to the market' project). However, more derivatives on the assets side were compressed than on the liabilities side. This asymmetrical compression resulted in an increase in cash collateral on the margin call accounts related to the derivatives.

On a geographical breakdown, based on the location of the BNP Paribas Fortis companies, 65% of the assets are located in Belgium, 8% in Luxembourg and 27% in other countries.

Assets

Cash and amounts due from central banks amounted to EUR 10.8 billion, an increase of EUR 0.8 billion compared to the end of 2013. This is related to a net decrease of EUR (1.2) billion in the funds placed at the Belgian Central Bank (EUR 3.5 billion placed on overnight deposit, more than offset by a decrease in the monetary reserves account (EUR (4.7) billion). Overnight deposits placed at the Federal Reserve rose by EUR 1.3 billion. Both in Turkey and Luxembourg, monetary reserves accounts placed at the central banks increased by EUR 0.5 billion and EUR 0.2 billion respectively.

Financial assets at fair value through profit or loss increased by EUR 1.3 billion or 7% to reach EUR 19.7 billion at the end of 2014. This evolution is mainly attributable to an increase of EUR 2.6 billion in the fair value of derivative instruments, which, apart from the impact of the 'one window to the market' project, was mainly driven by the continuous decline in interest rates, counterbalanced by a decrease of EUR (1.1) billion in the securities trading portfolio.

Available-for-sale financial assets amounted to EUR 32.7 billion at the end of 2014, EUR 4.2 billion or 15% higher than at the end of 2013. This is the result of substantial purchases of government bonds during the course of 2014 (a net increase of EUR 1.3 billion, mainly in Austrian and Dutch government bonds), and bonds issued by supra-national institutions, other banks or corporates (a net increase of EUR 2.9 billion), mainly in the eurozone.

Loans and receivables due from credit institutions stood at EUR 14.2 billion at the end of 2014, EUR (5.2) billion lower than the figure of EUR 19.4 billion at end-2013. Excluding the scope change relating to the sale of the BNP Paribas Fortis branch in Germany (EUR (1.6) billion), this decrease was mainly due to lower interbank loans in Belgium (EUR (1.9) billion) and in Luxembourg (EUR (2.0) billion).

Loans and receivables due from customers increased by EUR 7.3 billion or 5% on 2013 to reach EUR 166.9 billion at end-2014. Excluding the scope change relating to the sale of the BNP Paribas Fortis branch in Germany (EUR (0.8) billion), the classification of assets and liabilities at BNP Paribas Bank Polska to 'held for sale' (EUR (3.5) billion) and a change in the method of reporting cash pooling activities at the BNP Paribas Fortis branch in the Netherlands (EUR 6.1 billion as at 31 March 2014), the remaining increase of EUR 4.6 billion was mainly driven by continuing business growth in Turkey (EUR 3.1 billion) due to a rise in term loans (EUR 2.2 billion), mortgage loans and consumer loans. In addition, mortgage lending rose strongly in Belgium (EUR 2.2 billion) and to a lesser extent in Luxembourg (EUR 0.4 billion), partly offset by a EUR (1.9) billion decrease in securities classified as loans and receivables, mainly due to reimbursements in the structured credit portfolio and the sale of Portuguese government bonds.

Accrued income and other assets increased by EUR 4.4 billion or 61% on 2013 to reach EUR 11.6 billion at the end of 2014, mainly due to higher cash collateral (EUR 3.0 billion) on the margin call accounts relating to the derivative transactions with BNP Paribas Group as a result of the 'one window to the market' project. Under this project, the external deals are replaced by back-to-back deals with BNP Paribas (novation phase), and then the 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 value (compression phase). As at 31 December 2014, a higher volume of derivatives on the assets side were compressed than on the liabilities side, resulting in higher cash collateral payments.

Investments in associates amounted to EUR 3.9 billion at the end of 2014, an increase of EUR 0.5 billion or 15% versus end-2013, mainly attributable to AG Insurance (EUR 0.3 billion), arising from positive revaluations of the available-for-sale portfolios.

Assets classified as held for sale totalled EUR 5.3 billion at end-2014. This is linked to the classification of the assets and liabilities of BNP Paribas Bank Polska as 'held for sale' at the end of 2014 pursuant to the planned merger between BNP Paribas Bank Polska and BGŻ, which is expected to be completed in the first half of 2015.

Liabilities and equity

Financial liabilities at fair value through profit or loss increased by EUR 4.9 billion or 22% on 2013 to reach EUR 27.0 billion at the end of 2014, the increase being mainly due to an increase in the fair value of derivatives instruments (EUR 2.7 billion) which, aside from the impact of the 'one window to the market' project, was mainly driven by the continuous fall in interest rates. In addition, trading activities in repurchase agreements increased by EUR 2.0 billion.

Due to credit institutions amounted to EUR 15.5 billion at the end of 2014, EUR (2.4) billion or 13% lower than the end-2013 figure. The classification of the assets and liabilities of BNP Paribas Bank Polska as 'held for sale' at end-2014 contributed to a decrease of EUR (1.4) billion. The remaining EUR 1.0 billion decrease was due to the repayment of a tender with the National Bank of Belgium (NBB) in 2014 (EUR (1.5) billion), less demand deposits of EUR (0.8) billion and offset by slightly higher interbank borrowings of EUR 0.3 billion. Repurchase agreement activities rose by EUR 1.1 billion.

Due to customers stood at EUR 167.8 billion at end-2014, a significant increase of EUR 11.0 billion on to the end-2013 figure. Excluding the scope change relating to the sale of the BNP Paribas Fortis branch in Germany (EUR (2.2) billion), the classification of the assets and liabilities of BNP Paribas Bank Polska as 'held for sale' (EUR (2.6) billion) and the change in the method of reporting cash pooling activities in the BNP Paribas Fortis Netherlands branch (EUR 6.1 billion as at 31 March 2014), the remaining increase of EUR 8.8 billion is mainly explained by strong customer deposit growth of EUR 4.0 billion in Belgium (mainly current accounts and saving accounts), EUR 2.4 billion in Turkey (mainly in term accounts) and EUR 2.0 billion in the BNP Paribas Fortis branch in the Netherlands (mainly current accounts).

Debt securities amounted to EUR 12.1 billion at the end of 2014, a decrease of EUR (3.6) billion or 23% versus end-2013, mainly driven by matured positions of certificates of deposits and other debt securities.

Accrued expenses and other liabilities increased by EUR 0.8 billion or 11% on 2013 to reach EUR 7.4 billion at the end of 2014, mainly due to higher margin accounts (cash collateral on derivatives).

Provisions for contingencies and charges increased slightly by EUR 0.2 billion to reach EUR 4,265 million at the end of 2014, compared to EUR 4,109 million at the end of 2013. The increase mainly relates to higher provisions on employee benefits.

Subordinated debt decreased by EUR (1.9) billion or 31% on 2013 to stand at EUR 4.3 billion at the end of 2014, due to the redemptions of subordinated certificates and subordinated borrowings (including the call of a Hybrid Tier 1 innovative security amounting to EUR 1.0 billion in October 2014).

Liabilities classified as held for sale totalled EUR 4.7 billion at the end of 2014. This item refers to the classification of the assets and liabilities of BNP Paribas Bank Polska as 'held for sale' at the end of 2014 pursuant to the planned merger between BNP Paribas Bank Polska and BGŻ, which is expected to be completed in the first half of 2015.

Shareholders' equity amounted to EUR 20.3 billion at the end of 2014, compared to EUR 18.7 billion at the end of 2013. The EUR 1.6 billion increase resulted from the positive impact of the year's result (EUR 1,246 million) and changes in assets and liabilities directly recognised in equity (EUR 0.6 billion, mainly related to positive revaluations of the available-for-sale investments to equity), partly counterbalanced by the dividends paid (EUR (387) million). The impact of the dilution in shareholding (from 99.89% to 85%) in BNP Paribas Polska following the IPO amounted to EUR (16) million. The impact of the squeeze-out operation at TEB (increasing the shareholding from 44.75% to 45.76%) amounted to EUR 17 million. In addition, a retrospective correction related to the put option granted to minority shareholders in TEB holding A.S. gave rise to a negative impact of EUR (64) million in shareholders' equity, with an equal and opposite effect in the minority interests (EUR 64 million).

Minority interests stood at EUR 5.1 billion at the end of 2014, compared to EUR 4.8 billion at the end of 2013. The EUR 0.3 billion increase resulted from the positive impacts of the year's result (EUR 417 million) plus changes in assets and liabilities directly recognised in equity (EUR 0.3 billion), partly counterbalanced by the dividends paid (EUR (227) million). The impact of the dilution in shareholding (from 99.89% to 85%) in BNP Paribas Bank Polska following the IPO amounted to EUR 69 million. The impact of the squeeze-out operation at TEB (increasing the shareholding from 44.75% to 45.76%) amounted to EUR (35) million. In addition, a retrospective correction related to the put option granted to minority shareholders in TEB holding A.S. gave rise to a positive impact of EUR 64 million in the minority interests, with an equal and opposite effect (EUR (64) million) observable in shareholders'equity.

Liquidity and solvency

BNP Paribas Fortis' liquidity remained sound, with customer deposits standing at EUR 167 billion and customer loans at EUR 161 billion at end-2014.

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

BNP Paribas Fortis' solvency stood well above the minimum regulatory requirements. At 31 December 2014, BNP Paribas Fortis' phased-in Basel III Common Equity Tier 1 ratio (CET1 ratio, taking into account the CRD4 rules with application of the current transitional provisions) stood at 14.5 %. Total risk-weighted assets amounted to EUR 128.3 billion at 31 December 2014, of which EUR 106.5 billion are related to credit risk, EUR 2.1 billion to market risk and EUR 8.5 billion to operational risk, while counterparty risk, securitisation and equity risk worked out at EUR 2.9 billion, EUR 3.4 billion and EUR 4.8 billion respectively.

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' to the BNP Paribas Fortis Consolidated Financial Statements 2014.

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 in late September/early October 2008, as further described in Note 8.m 'Contingent assets and liabilities' to the BNP Paribas Fortis Consolidated Financial Statements 2014.

Events after the reporting period are further described in Note 8.p 'Events after the reporting period' to the BNP Paribas Fortis Consolidated Financial Statements 2014.

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 2014 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 2014 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 19 March 2015 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 2014 will be submitted to the Annual General Meeting of Shareholders for approval on 23 April 2015.

Brussels, 19 March 2015
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 general 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 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 public 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 policy on Diversity is in line with the aim that at least one third of its Board will be composed of 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.

No formal meetings among non-Executive Directors were held for the purpose of assessing interactions with Executive Directors, without the presence of the Chairman of the Executive Board or other Executive Directors (Provision 4.12 of the Code). However, given the share ownership of the Bank and the composition of the Board of Directors, there is an ongoing dialogue among non-Executive Directors both in and outside meetings of the Board of Directors and its committees.

2. Governing Bodies

Board of Directors

Role and responsibilities

In general, the Board of Directors is responsible for the activities of BNP Paribas Fortis.

Moreover, the Board of Directors, each time in accordance with article 23 of the Banking Law[1], specifically:

- approves, assesses and monitors the strategy and goals of BNP Paribas Fortis;
- determines and monitors the Risk policy (including the Risk tolerance) of BNP Paribas Fortis; and
- approves the BNP Paribas Fortis governance memorandum.

In accordance with article 24 of the Banking Law and article 22 of the articles of association of BNP Paribas Fortis, the Board of Directors has transferred all of its management authority, with the exception of everything which, by virtue of the Belgian Company Code or the Banking Law, remains with the Board of Directors, to the Executive Board, whose members are referred to as 'Executive Directors'.

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 these extending over not more than four full accounting years.

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

Legal persons cannot be member of the Board of Directors.

All directors must be suitable ('fit and proper') persons. All are preselected and assessed against a predefined list of selection criteria.

[1] *The Law of 25 April 2014 regarding the statutes and supervision of credit institutions*

In accordance with the Banking Law, BNP Paribas Fortis examines and assesses the suitability of each nominee for a directorship. The same applies in cases of re-appointment.

BNP Paribas Fortis also re-assesses the suitability of each director annually.

Composition

On 19 March 2015, 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.

VILLEROY DE GALHAU François
Vice Chairman of the Board of Directors; 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.

JADOT Maxime
Executive Director; Chairman of the Executive Board since 1 March 2011; member of the Board of Directors by co-optation since 13 January 2011.
Board member mandate confirmed and renewed on 21 April 2011, 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 renewed on 18 April 2013, expires at the 2017 Ordinary Annual General Meeting of Shareholders.

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

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

BEAUVOIS Didier
Executive Director; member of the Board of Directors (by co-optation) and the Executive Board since 12 June 2014 following the resignation of Dominique REMY on 8 May 2014.

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 co-optation since 30 November 2010.
Board member mandate confirmed and renewed on 21 April 2011, 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 renewed on 18 April 2013, 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.

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 fifteen directors, of whom ten 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 2014 and 31 December 2014, 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 (until 30 June 2014)

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

MENNICKEN, Thomas
Executive Director; Member of the Executive Board

REMY, Dominique
Executive Director; Member of the Executive Board (until 8 May 2014)

VANDEKERCKHOVE, Peter
Executive Director; Member of the Executive Board

BOOGMANS, Dirk
Independent non-Executive Director

DUTORDOIR, Sophie
Independent non-Executive Director

STÉPHENNE, Jean
Non-Executive Director

PAPIASSE, Alain
Non-Executive Director

VARÈNE, Thierry
Non-Executive Director

VILLEROY DE GALHAU, François
Non-Executive Director; Vice Chairman of the Board of Directors (since 10 July 2014)

d'ASPREMONT LYNDEN, Antoinette
Independent non-Executive Director

DECRAENE, Stefaan
Non-Executive director

BEAUVOIS, Didier
Executive Director; Member of the Executive Board since 12 June 2014

Attendance at meetings:

The Board of Directors held 18 meetings in 2014. Attendance at these meetings was as follows:

Director	Number of Meetings Attended
DAEMS, Herman	18
CHODRON de COURCEL, Georges (until 30 June 2014)*	7
BONNAFÉ, Jean-Laurent	3
JADOT, Maxime	17
BOOGMANS, Dirk	16
d'ASPREMONT LYNDEN, Antoinette	17
DIERCKX, Filip	17
DUTORDOIR, Sophie	12
MENNICKEN, Thomas	15
PAPIASSE, Alain	6
REMY, Dominique (until 8 May 2014)*	2
STÉPHENNE, Jean	10
VANDEKERCKHOVE, Peter	12
VARÈNE, Thierry	13
VILLEROY DE GALHAU, François	11
DECRAENE, Stefaan	10
BEAUVOIS, Didier (since 12 June 2014)*	11
VANSTEENKISTE, Luc**	16

** Fewer meetings attended as the director joined or left the Board during 2014.*

*** Present as permanent invitee.*

Assessment of the Board of Directors

As from 1 January 2015 onwards

At least once a year, the governance and nomination committee will perform an evaluation of all Executive Directors. In this evaluation, the members of the governance and nomination committee will take into account any event that may impact the suitability assessment performed upon their nomination, and will include in their assessment whether the persons concerned have individually dedicated the time and efforts needed to perform their mandate properly. As part of this annual evaluation the governance and nomination committee will issue recommendations on how to manage and resolve any identified weaknesses on an individual basis through training or replacements and/or formulate points for attention for the purpose of improving the overall composition of the Board of Directors.

The evaluation process has three objectives:

- assessing how the Boardboard or the relevant Boardboard committee operates and their overall composition;
- checking that the matters within its remit are suitably prepared and discussed; and
- evaluating the actual contribution of each director's work.

Remuneration

Information regarding the total remuneration for 2014, 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' to 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

As from 1 January 2015 onwards

On 7 May 2014, the Law of 25 April 2014 regarding the statutes of and supervision of credit institutions (the 'Banking Law') was published in the Belgian State Gazette. Article 27 of this law provides that the Board of Directors must set up four Board committees as from 1 January 2015 onwards. During its meeting of 10 December 2014, the Board of Directors decided, on the basis of a recommendation of the GNRC, "...to dissolve the ARCC and the GNRC and to establish an audit committee, a risk committee, a remuneration committee and a governance & nomination committee, to act respectively as the committees referred to in articles 28 to 31 of the Banking Law..." and agreed upon the composition of the four committees.

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.

Until 10 December 2014, the ARCC and GNRC functioned in accordance with the organisation set out below.

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 ARCC monitors, reviews and makes recommendations to the Board of Directors regarding:

Audit

- the **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.

- the **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 gives to the recommendations arising from the internal audit, takes part in the external quality assessment of the internal audit department held at least once every five years, and concurs in the appointment or dismissal of the general auditor.

Risk

- the Bank's major risk exposures 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 committee 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 the financial performance of BNP Paribas Fortis. 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; and

- the annual report and the statements to be made by the Board of Directors therein, plus 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 prospective Board committee members is based on:

i. the requirement to have sufficient independent Directors in the Board committee;

ii. the nominee's proven competencies 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, possesses the competencies and experience needed to perform its tasks professionally; and

iv. the irrefutable propriety of the nominee.

Composition

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

Members of the ARCC need to have the necessary skills and competencies in the field of accounting, audit and financial businesses. The availability of the necessary skills and competencies is also judged at overall committee level, not only on an individual basis.

The ARCC chairman, who cannot 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 NBB will interview the person nominated to chair the ARCC and any ARCC nomination is also subject to the prior approval by the NBB. The ARCC chairman, who must be an independent Director will meet on a regular basis with the audit committee chairmen 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 possess the necessary skills and competencies in the field of accounting, audit and financial business. Both of the independent Directors currently sitting on the BNP Paribas Fortis ARCC comply with this rule.

Composition on 10 December 2014:

- Dirk Boogmans (independent Director), chairman
- Antoinette d'Aspremont Lynden (independent Director)
- Herman Daems

Attendance at meetings:

The ARCC met six times in 2014.

Committee Member	Number of Meetings Attended
BOOGMANS, Dirk	6
DAEMS, Herman	5
d'ASPREMONT LYNDEN, Antoinette	6

Remuneration

Information regarding the remuneration for 2014, 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' to the BNP Paribas Fortis Consolidated Financial Statements. This report is deemed to be the remuneration report within the meaning of Provision 7.2 of the Code.

Governance, Nomination and Remuneration Committee (GNRC)

The GNRC fulfills the role of Remuneration Committee within the meaning of Article 20, §2ter of the Law of 22 March 1993 [2]regarding the statutes of and supervision of credit institutions, and of 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 and non-Executive Directors;
- disclosures in the Annual Report on governance-related matters; on the remuneration of executive and non-Executive Directors and the members of the Executive Committee, on the processes that govern their appointment and remuneration; and on the activities of the GNRC.

Nominations:

With regard to nominations, the GNRC:

- monitors, assesses 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 the 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 and 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 membership of the Board, Board committees and Executive members, the general auditor and the chief compliance officer.

Remuneration

With regard to Remuneration, the GNRC monitors, reviews, and makes 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 made by the Chairman of the Executive Board, for the other Executive Directors. As regards 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 performance evaluation of directors.

[2] *The Law of 22 March 1993 was abolished on 7 May 2014 following publication that day of the Law of 25 April 2014 regarding the statutes and supervision of credit institutions.*

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. the nominee's proven competencies 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, possesses the competencies and experience needed to perform its tasks professionally; and

iv. the irrefutable propriety of the nominee.

Composition

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

Composition on 10 December 2014

- Herman Daems (Chairman)
- Dirk Boogmans (independent Director)
- Sophie Dutordoir (independent Director)
- Antoinette d'Aspremont Lynden (independent Director)

Attendance at meetings

The GNRC met ten times in 2014.

Committee Member	Number of Meetings Attended
DAEMS, Herman	10
BOOGMANS, Dirk	9
DUTORDOIR, Sophie	8
D'ASPREMONT LYNDEN, Antoinette	9

Remuneration

Information regarding the remuneration for 2014, 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' to the BNP Paribas Fortis consolidated financial statements. This report is deemed to be the remuneration report within the meaning of Provision 7.2 of the Code.

Executive Committee

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

The Executive Committee currently has 11 members and is composed of the five Executive Directors who together make up the Executive Board and the six 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 Head of Corporate & Investment Banking

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

Didier BEAUVOIS
Executive Director, Member of the Executive Board / Executive Committee, Chief Risk Officer

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

Emmanuel BUTTIN
Member of the Executive Committee, Chief Financial Officer

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

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

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

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 Accounting & Reporting (A&R), section of the Finance department, draws up the accounting policies based on IFRS as endorsed by the European Union and to be applied by all BNP Paribas Fortis entities. These are aligned with BNP Paribas Group accounting policies. This A&R 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. A 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 A&R 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 BNP Paribas' Group Finance determine the target architecture of the information systems (accounting systems, cost-accounting systems, accounting and regulatory consolidated reporting systems and consolidated management reporting systems) used by the Finance departments across the Group. Common systems 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.

At the end of 2014, BNP Paribas Fortis SA/NV has finalised its implementation of the OFS ('One Financial System') project in Belgium.

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 on 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, 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.

  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 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 at Finance is performed by dedicated teams supported by specialised 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 of 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 designed to support the certification process across the BNP Paribas Group. Certificates are made up of standardised questions addressing the main accounting and financial risk 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, 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 that may generate accounting and financial risks for the company.

Measuring the financial instruments and determining the results of market transactions

The Finance department delegates the determination and control of market value 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 oversee 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' 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; and

- 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' strategy of strengthening the internal audit capability in terms of both the technical scope and the areas of accounting risk addressed in the audit missions undertaken.

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

- to add value and improve BNP Paribas Fortis' 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:

- the 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;
- the auditors cannot 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 2014, 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 Annual 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 Works Council.

The statutory auditors are required to issue a report every financial year, in which they give their opinion regarding the fairness of the consolidated financial statements of BNP Paribas Fortis and its subsidiaries.

The statutory auditors also carry out limited reviews of the quarterly 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;
- 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. Conflicts of Interest

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 memos 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.

In addition, BNP Paribas Fortis has in place a general policy and code of conduct regarding conflicts of interest, 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 interests of BNP Paribas
10. Report any irregularities observed.

Finally, BNP Paribas Fortis directors have been assessed by the NBB before their formal appointment, in accordance with the Banking Law. Before issuing its approval for an appointment, the NBB conducts an assessment which involves verifying that certain conflicts of interest do not exist.

BNP Paribas Fortis Consolidated Financial Statements 2014

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

Profit and loss account for the year ending 31 December 2014

In millions of euros	Notes	Year to 31 Dec. 2014	Year to 31 Dec. 2013[(1)]
Interest income	2.a	8,456	6,802
Interest expense	2.a	(3,387)	(2,945)
Commission income	2.b	2,445	1,959
Commission expense	2.b	(804)	(559)
Net gain/loss on financial instruments at fair value through profit or loss	2.c	151	249
Net gain/loss on available-for-sale financial assets and other financial assets not measured at fair value	2.d	107	129
Income from other activities	2.e	480	560
Expense on other activities	2.e	(437)	(455)
REVENUES		**7,011**	**5,740**
Salary and employee benefit expense	7.a	(2,562)	(2,353)
Other operating expense		(1,731)	(1,363)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	5.m	(218)	(183)
GROSS OPERATING INCOME		**2,500**	**1,841**
Cost of risk	2.f	(283)	(372)
OPERATING INCOME		**2,217**	**1,469**
Share of earnings of associates		150	(122)
Net gain/loss on non-current assets		(3)	64
Goodwill	5.n	-	-
PRE-TAX INCOME		**2,364**	**1,411**
Corporate income tax	2.g	(701)	(486)
NET INCOME BEFORE DISCONTINUED OPERATIONS		**1,663**	**925**
Net result of discontinued operations	8.c		
NET INCOME		**1,663**	**925**
Net income attributable to minority interests		417	288
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		**1,246**	**637**

(1) *Figures restated according to IFRS 11 (see Notes 8.o and 1.a)*

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

In millions of euros	Year to 31 Dec. 2014	Year to 31 Dec. 2013[1]
Net income for the period	**1,663**	**925**
Changes in assets and liabilities recognised directly in equity	**829**	**(325)**
Items that are or may be reclassified to profit or loss	**924**	**(409)**
Items related to exchange rate movements	104	(454)
of which deferred tax	20	(6)
Changes in fair value of available-for-sale financial assets, including those reclassified as loans and receivables	398	212
of which deferred tax	(160)	(104)
Changes in fair value of available-for-sale assets reported in net income, including those reclassified as loans and receivables	(25)	(60)
of which deferred tax	7	46
Changes in fair value of hedging instruments designated as cash flow hedges	69	(65)
of which deferred tax	(44)	34
Changes in fair value of hedging instruments designated as cash flow hedges reported in net income	13	-
of which deferred tax	(2)	-
Items related to investment in associates	365	(42)
of which deferred tax	(165)	95
Items that will not be reclassified to profit or loss	**(95)**	**84**
Remeasurement gains (losses) related to post-employment benefit plans	(77)	89
of which deferred tax	29	(44)
Items related to investment in associates	(18)	(5)
of which deferred tax	9	4
TOTAL	**2 492**	**600**
- Attributable to equity shareholders	1 759	447
- Attributable to minority interests	733	153

[1] *Figures restated according to IFRS 11 (see Notes 8.o and 1.a)*

Balance sheet at 31 December 2014

In millions of euros	Note	31 December 2014	31 December 2013[1]
ASSETS			
Cash and amounts due from central banks		10,758	10,031
Financial instruments at fair value through profit or loss	5.a	19,688	18,402
Derivatives used for hedging purposes	5.b	1,948	1,231
Available-for-sale financial assets	5.c	32,663	28,497
Loans and receivables due from credit institutions	5.f	14,207	19,443
Loans and receivables due from customers	5.g	166,851	159,551
Remeasurement adjustment on interest-rate risk hedged portfolios		1,445	627
Held-to-maturity financial assets	5.i	1,141	1,267
Current and deferred tax assets	5.j	3,161	3,749
Accrued income and other assets	5.k	11,585	7,231
Investments in associates	5.l	3,948	3,431
Investment property	5.m	147	362
Property, plant and equipment	5.m	1,889	1,943
Intangible assets	5.m	173	142
Goodwill	5.n	328	319
Assets classified as held for sale	8.c	5,274	-
TOTAL ASSETS		**275,206**	**256,226**
LIABILITIES			
Due to central banks		337	136
Financial instruments at fair value through profit or loss	5.a	27,047	22,164
Derivatives used for hedging purposes	5.b	4,380	2,078
Due to credit institutions	5.f	15,472	17,904
Due to customers	5.g	167,800	156,788
Debt securities	5.h	12,063	15,662
Remeasurement adjustment on interest-rate risk hedged portfolios		1,250	256
Current and deferred tax liabilities	5.j	675	694
Accrued expenses and other liabilities	5.k	7,441	6,685
Provisions for contingencies and charges	5.o	4,281	4,109
Subordinated debt	5.h	4,333	6,282
Liabilities classified as held for sale	8.c	4,735	-
TOTAL LIABILITIES		**249,814**	**232,758**
CONSOLIDATED EQUITY			
Share capital and additional paid-in capital		*9,605*	*9,605*
Retained earnings		*8,517*	*8,137*
Net income for the period attributable to shareholders		*1,246*	*637*
Total capital, retained earnings and net income for the period attributable to shareholders		19,368	18,379
Change in assets and liabilities recognised directly in equity		886	283
Shareholders' equity		**20,254**	**18,662**
Retained earnings and net income for the period attributable to minority interests		**4,964**	4,953
Changes in assets and liabilities recognised directly in equity		**174**	(147)
Total minority interests		**5,138**	**4,806**
TOTAL CONSOLIDATED EQUITY		**25,392**	**23,468**
TOTAL LIABILITIES AND EQUITY		**275,206**	**256,226**

(1) *Figures restated according to IFRS 11 (see Notes 8.o and 1.a)*

Statement of changes in shareholders' equity between 1 January 2013 and 31 December 2014

In millions of euros	Capital and retained earnings			Changes in assets and liabilities recognised directly in equity				Total Shareholders' equity
	Share capital	Non-distributed reserves	Total	Exchange rates	Financial assets available for sale and reclassified as loans and receivables	Derivatives used for hedging purposes	Total	
Capital and retained earnings at 1 January 2013[1]	**9,605**	**8,490**	**18,095**	**(104)**	**494**	**170**	**560**	**18,655**
Other movements	-	(184)	(184)	-	-	-	-	(184)
Dividends	-	(256)	(256)	-	-	-	-	(256)
Changes in assets and liabilities recognised directly in equity	-	87	87	(231)	8	(54)	(277)	(190)
Net income for 2013	**-**	**637**	**637**	**-**	**-**	**-**	**-**	**637**
Capital and retained earnings at 31 December 2013[1]	**9,605**	**8,774**	**18,379**	**(335)**	**502**	**116**	**283**	**18,662**
Other movements	-	220	220	-	-	-	-	220
Dividends	-	(387)	(387)	-	-	-	-	(387)
Changes in assets and liabilities recognised directly in equity	-	(90)	(90)	(120)	650	73	603	513
Net income for 2014	**-**	**1,246**	**1,246**	**-**	**-**	**-**	**-**	**1,246**
Capital and retained earnings at 31 December 2014	**9,605**	**9,763**	**19,368**	**(455)**	**1,152**	**189**	**886**	**20,254**

(1) *Figures restated according to IFRS 11 (see Notes 8.o and 1.a)*

Changes in assets and liabilities recognised directly in equity presented in the column 'Non-distributed reserves' are related to the re-measurement of the net defined benefit liability (asset) which is not recycled to the profit and loss account. Further information can be found in Note 1.i.4 'Post-employment benefits' in the accounting policies section.

EUR 220 million in the line 'Other movements' includes a correction related to the put option granted to the minority shareholders of TEB holding A.S., resulting in an increase of EUR 108 million in shareholders' equity and a decrease of an equal amount in minority interests.

EUR (120) million in the line 'Changes in assets and liabilities recognised directly in equity' includes an amount of EUR (172) million, which is the foreign translation difference related to the correction above. An equal and opposite effect, i.e. an increase of EUR 172 million, is to be found in minority interests.

The situation after correction gave rise to a net decrease of EUR (64) million in shareholders' equity, while minority interests increased by EUR 64 million.

Minority interests between 1 January 2013 and 31 December 2014

In millions of euros	Capital and retained earnings	Exchange rates, Financial assets available for sale and reclassified as loans and receivables, Derivatives used for hedging purposes	Total minority interests
Capital and retained earnings at 1 January 2013(1)	**4,037**	**(15)**	**4,022**
Other movements	764	-	764
Dividends	(133)	-	(133)
Changes in assets and liabilities recognised directly in equity	(3)	(132)	(135)
Net income of 2013	288	-	288
Capital and retained earnings at 31 December 2013(1)	**4,953**	**(147)**	**4,806**
Other movements	(174)	-	(174)
Dividends	(227)	-	(227)
Changes in assets and liabilities recognised directly in equity	(5)	321	316
Net income of 2014	417	-	417
Capital and retained earnings at 31 December 2014	**4,964**	**174**	**5,138**

(1) *Figures restated according to IFRS 11 (see Notes 8.o and 1.a)*

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

EUR (174) million in the line 'Other movements' includes a correction related to the put option granted to the minority shareholders of TEB holding A.S., resulting in a decrease of EUR (108) million in minority interests and an increase of an equal amount in shareholders' equity.

EUR 321 million in the line 'Changes in assets and liabilities recognised directly in equity' includes an amount of EUR 172 million, which is the foreign translation difference related to the correction above. An equal opposite effect, i.e. a decrease of EUR (172) million, is to be found in shareholders' equity.

The situation after correction gave rise to a net increase of EUR 64 million in minority interests, while shareholders' equity decreased by EUR (64) million.

Cash flows statement for the year ending 31 December 2014

In millions of euros	Notes	Year to 31 Dec. 2014	Year to 31 Dec. 2013[1]
Pre-tax income		**2,364**	**1,411**
Non-monetary items included in pre-tax net income and other adjustments		**(227)**	**744**
Net depreciation/amortisation expense on property, plant and equipment and intangible assets		283	282
Impairment of goodwill and other non-current assets		(4)	10
Net addition to provisions		261	506
Share of earnings of associates		(150)	121
Net expense (income) from investing activities		276	(38)
Net expense from financing activities		1	(18)
Other movements		(894)	(119)
Increase in cash related to assets and liabilities generated by operating activities		**2,918**	**6,842**
Net increase (decrease) in cash related to transactions with credit institutions		3,927	(6,169)
Increase in cash related to transactions with customers		1,430	2,547
Net increase (decrease) in cash related to transactions involving other financial assets and liabilities		(2,124)	10,742
Increase in cash related to transactions involving non-financial assets and liabilities		26	5
Taxes paid		(341)	(283)
INCREASE IN CASH AND EQUIVALENTS GENERATED BY OPERATING ACTIVITIES		**5,055**	**8,997**
INCREASE IN CASH AND EQUIVALENTS GENERATED BY DISCONTINUED OPERATING ACTIVITIES		**53**	**652**
Decrease in cash related to acquisitions and disposals of consolidated entities		(1,488)	(4,425)
Decrease related to property, plant and equipment and intangible assets		(324)	(137)
DECREASE IN CASH AND EQUIVALENTS RELATED TO CONTINUING INVESTING ACTIVITIES		**(1,812)**	**(4,562)**
DECREASE IN CASH AND EQUIVALENTS RELATED TO DISCONTINUED INVESTING ACTIVITIES	**8.c**	**(4)**	**(48)**
Net increase (decrease) in cash and equivalents related to transactions with shareholders	8.b	(507)	428
Decrease in cash and equivalents generated by other financing activities		(1,826)	(2,865)
DECREASE IN CASH AND EQUIVALENTS RELATED TO FINANCING ACTIVITIES	8.c	**(2,333)**	**(2,437)**
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS RELATED TO DISCONTINUED FINANCING ACTIVITIES	8.c	**64**	**(689)**
EFFECT OF MOVEMENT IN EXCHANGE RATES ON CASH AND EQUIVALENTS		**323**	**(626)**
EFFECT OF MOVEMENT IN EXCHANGE RATES ON CASH AND EQUIVALENTS OF DISCONTINUED ACTIVITIES		**(7)**	**1**
Additional information:			
Interest paid		(3,516)	(3,496)
Interest received		8,338	6,906
Dividend paid/received		(635)	(154)
Balance of cash and equivalent accounts at the start of the period		**10,386**	**9,171**
Cash and amounts due from central banks		9,896	9,808
Due to central banks		(136)	(593)
On-demand deposits with credit institutions	5.f	2,596	2,239
On-demand loans from credit institutions	5.f	(1,970)	(2,283)
Deduction of receivables and accrued interest on cash and equivalents			
Balance of cash and equivalent accounts at the end of the period		**11,519**	**10,527**
Cash and amounts due from central banks		10,758	10,030
Due to central banks		(337)	(136)
On-demand deposits with credit institutions	5.f	2,254	2,616
On-demand loans from credit institutions	5.f	(1,156)	(1,983)
Deduction of receivables and accrued interest on cash and equivalents			
INCREASE IN CASH AND EQUIVALENTS OF CONTINUING ACTIVITIES		**1,133**	**1,356**
Balance of cash and equivalent accounts of discontinued activities at the start of the period		141	68
Balance of cash and equivalent accounts of discontinued activities at the end of the period		347	-
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS OF DISCONTINUED ACTIVITIES		**206**	**(68)**

[1] *Figures restated according to IFRS 11 (see Notes 8.o and 1.a)*

Notes to the Consolidated Financial Statements 2014

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 'Financial Instruments: Recognition and Measurement' on hedge accounting have been excluded and the application of IFRIC 21 'Levies' will be mandatory only for annual periods beginning on or after 17 June 2014.

Except as described below, the accounting policies applied are consistent with those of the 2013 Consolidated Financial Statements of BNP Paribas Fortis.

As of January 2014, the following new standards became applicable:

- IFRS 10 'Consolidated Financial Statements', without any material impact on BNP Paribas Fortis.

- IFRS 11 'Joint Arrangements', whereby the participation in bpost bank and SREI are consolidated as from 1 January 2014 using the equity method instead of applying the proportional consolidation method. As this standard has a retrospective effect, the comparative figures as at 1 January and 31 December 2013 have been restated and are presented in Note 8.o 'Retrospective impact of IFRS 11'.

- IFRS 12 'Disclosure of Interests in other Entities' leading to more information on the nature and risks associated with the interests of an entity in its subsidiaries, joint arrangements, associates and unconsolidated structured entities.

At the same date, the following amended standards became applicable:

- IAS 28 'Investments in Associates and Joint Ventures', without any material impact on BNP Paribas Fortis.

- IAS 32 'Financial Instruments: Presentation', the impact on the total consolidated balance sheet of BNP Paribas Fortis as at 31 December 2014 is immaterial. Neither equity nor the profit and loss account are impacted.

- IAS 39 'Financial Instruments: Novation of Derivatives and Continuation of Hedge Accounting', without any material impact on BNP Paribas Fortis.

The introduction of other standards, which are mandatory as of 1 January 2014, had no effect on the Consolidated Financial Statements at 31 December 2014.

BNP Paribas Fortis did not choose to early-adopt the new standards, amendments, and interpretations adopted by the European Union whose application in 2014 is optional.

On 14 June 2014, the European Union adopted interpretation IFRIC 21 'Levies', applicable for annual periods beginning on or after 17 June 2014. The application of this interpretation as of 31 December 2014 would have had an estimated impact of EUR 2.8 million on the shareholders' equity and the impact on net income is immaterial.

[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/finance/accounting/index_en.htm.*

1.b 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 include 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, or EUR 500 million of total consolidated assets.

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.

1.c.2 Consolidation methods

Enterprises under the exclusive control of BNP Paribas Fortis are fully consolidated. BNP Paribas Fortis has exclusive control over a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the entity's returns.

For entities in which voting rights exist, BNP Paribas Fortis is generally deemend to control the entity if it holds, directly or indirectly, the majority of the votes and in the absence of other agreements that could alter these voting right powers.

For structured entities, defined as entities that have been designed so that they are not governed through voting rights, as for instance when these rights are limited to administrative decisions while the relevant activities are directed by means of contractual arrangements, the assessment of whether control exists will take into account the reasons for its creation, the risks assigned to the entity and the variable exposure to BNP Paribas Fortis. The assessment regarding control will take account of all facts and circumstances that indicate the ability of BNP Paribas Fortis to take decisions to influence its returns ,even if these decisions are contingent on certain circumstances or uncertain future events.

When assessing control, BNP Paribas Fortis only takes into account substantial rights of the entity, of its own or of third parties. For a right to be substantive, the holder must have the practical ability to exercise that right when decisions about the direction of the relevant activities need to be made.

Control should be re-assessed if one of the criteria determining that the control has been modified.

When BNP Paribas Fortis has contractual decision-making rights, for instance when BNP Paribas Fortis acts as an asset manager, it will determine whether it is acting as principal or as an agent. Together with the level of exposure to the variable returns, this decision-making power could indicate that it acting for its own account and therefore controles the entities in question.

When BNP Paribas Fortis has an activity with one or more partners where the control is shared through a contractual agreement indicating that decisions on the relevant activities (which significantly affect the entity's returns) require the unanimous consent of all parties, BNP Paribas Fortis is deemend to exercise joint control. If the joint control is exercised through a separate legal structure through which the partners have rights to the net assets, the joint venture is accounted for using the equity method. If the joint control is not exercised through a separate legal structure or the partners have rights to the assets and obligations regarding the liabilities of the joint venture, BNP Paribas Fortis accounts for its assets and liabilities, and the income and expenses to which it is entitled, using the appropriate IFRS standards.

Enterprises over which BNP Paribas Fortis exercises significant influence (associates) are accounted for by the equity method. Significant influence is the power to participate in decisions about the financial and operating policies 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, in which 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 indication of impairment, the carrying amount of the participation consolidated under the equity method (including goodwill) will be subject to an impairment test whereby the recoverable amount (equal to the higher of value in use and market value less costs to sell) will be compared with its carrying amount. When necessary, an impairment will be recognised under 'Share of earnings of associates' in the consolidated income statement 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.

For transactions resulting in a loss of control, any equity interest retained by BNP Paribas Fortis is re-measured 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 'First-time Adoption of International Financial Reporting Standards', 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 without retaining significant influence), 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 enterprises consolidated under the equity method, 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 any 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 the profit and loss account, 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 the 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 re-measured 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 'Business Combinations' is being 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 'First-time Adoption of International Financial Reporting Standards', 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 'Impairment of Assets'.*

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 less costs to sell 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 and reported by the transferring entity in the consolidated financial statements of BNP Paribas 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.

BNP Paribas Fortis has opted to apply the scope exemption for business combinations under common control, as set out in IFRS 3, also to the acquisition of an interest in an associate in a transaction under common control. As such, BNP Paribas Fortis will measure the value of its share in the net assets of the interest in an associate, acquired in a transaction under common control, based on the predecessor carrying amounts as determined and reported by the transferring entity in the Consolidated Financial Statements of BNP Paribas at the date of the transfer.

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 commissions (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/commissions 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 'Financial Instruments: Recognition and Measurement'. 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 re-measured 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' 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 de-recognition 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 and 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 recognised between the trade date and the settlement date when the transactions are recognised respectively as 'Loans and Receivables' and 'Liabilities'. When reverse repurchase agreements and repurchase agreements are recognised respectively as 'Financial assets at fair value through profit or loss' and 'Financial liabilities at fair value through profit or loss', the repurchase commitment is recognised as a derivative financial instrument.

Securities transactions are carried on the balance sheet until BNP Paribas Fortis' right to receive the related cash flows expires, 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.

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.

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

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 at which the loan or receivable was recorded in assets upon initial recognition. Provisions relating to off-balance sheet financial instruments, financing and guarantee commitments or disputes are recognised 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 divisions or of Risk Management, BNP Paribas Fortis may recognise additional collective impairment provisions with respect to a given economic sector or geographic area affected by exceptional economic events. This may be the case when the consequences of these events cannot be measured with sufficient accuracy to adjust the parameters used to determine the collective provision recognised against affected portfolios of loans with similar characteristics.

Impairment of available-for-sale financial assets

Impairment of available-for-sale financial assets (which mainly comprise securities) is recognised on an individual basis if there is objective evidence of impairment as a result of one or more events occurring since acquisition.

In the case of variable-income securities quoted in an active market, the control system identifies securities that may be impaired on a long term basis, 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 something more than 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 (interalia a loan write-off, rescheduling of principal and interest and/or modification of the contractual rate) that BNP Paribas Fortis only considers for economic and legal reasons linked to the financial difficulties of the borrower. This is because it results in a reduced obligation of the customers 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 the profit and loss account 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 purposes of selling it in the near term, out of 'Financial assets at fair value through profit or loss' and into:
  - 'Loans and receivables' if the asset meets the definition for this category and 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, with any surplus 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 consistency with the original documentation, the actual (retrospective) and expected (prospective) effectiveness of the hedging relationship. Retrospective effectiveness tests are designed to assess whether actual changes in the fair value or cash flows of the hedging instrument and the hedged item are within a range of 80% to 125%. Prospective effectiveness tests are designed to ensure that expected changes in the fair value or cash flows of the derivative over the residual life of the hedge adequately offset those of the hedged item. For highly probable forecast transactions, effectiveness is assessed largely on the basis of historical data for similar transactions.

Under IAS 39 'Financial Instruments: Recognition and Measurement' 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 re-measured at fair value in the balance sheet, with changes in fair value taken to the profit and loss account in 'Net gain/loss on financial instruments at fair value through profit or loss', symmetrically with the re-measurement of the hedged item to reflect the hedged risk. In the balance sheet, the fair value re-measurement 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 'Re-measurement 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 re-measurement adjustment recognised in the balance sheet is amortised at the effective interest rate over the remaining life of the instrument. In the case of interest rate risk hedged fixed-income portfolios, the adjustment is amortised on a straight-line basis over the remainder of the original term of the hedge. If the hedged item no longer appears in the balance sheet, in particular due to prepayments, the adjustment is taken to the profit and loss account immediately.

In a cash flow hedging relationship, the derivative is measured at fair value in the balance sheet, with changes in fair value taken to shareholders' equity on a separate line, 'Unrealised or deferred gains or losses'. The amounts taken to shareholders' equity over the life of the hedge are transferred to the profit and loss account under 'Net interest income' as and when the cash flows from the hedged item impact profit or loss. The hedged items continue to be accounted for using the treatment specific to the category of assets or liabilities 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 re-measurement 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 in order to transfer a liability in an orderly transaction between market participants 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 flows, 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 group of financial assets and financial liabilities with substantially similar and offsetting market risks or credit risks are managed on the basis of a net exposure, in accordance with the documented risk management strategy.

Assets and liabilities measured or disclosed at fair value are categorised in one of 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.

  The 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 the illiquidity of the instrument and significant model risk.

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

  The assessment of whether a product is illiquid or subject to significant model risks is 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 by comparison with recent similar transactions in an active market, the unrecognised portion of the day-one profit is released to the profit and loss account.

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. Under this heading, 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 are also reported.

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

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

1.d.14 Offsetting financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount presented in the balance sheet if, and only if, 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 'Insurance Contracts'.

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 these notes. 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 the profit and loss account.

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 'Financial Instruments: Recognition and Measurement', 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 programmes.

Non-life technical reserves include unearned premium reserves (corresponding to the portion of written premiums relating to future periods) and outstanding claims reserves, inclusive of claims handling costs.

The adequacy of technical reserves is tested at the balance sheet date by comparing them with the average value of future cash flows as derived from stochastic analyses. Any adjustments to technical reserves are taken to the profit and loss account for the period. A capitalisation reserve is set up in individual statutory accounts on the sale of amortisable securities in order to defer part of the net realised gain and hence maintain the yield to maturity on the portfolio of admissible assets. In the Consolidated Financial Statements, the bulk of this reserve is reclassified to 'Policyholders' surplus' on the liabilities side of the consolidated balance sheet; a deferred tax liability is recognised on the portion taken to shareholders' equity.

This item also includes the policyholders' surplus reserve resulting from the application of shadow accounting. This represents the 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 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 account.

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

BNP Paribas Fortis' companies may either be 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 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. BNP Paribas Fortis uses the category 'discontinued operations' only for operations of significant size where there is a strategic shift in operations.

All gains and losses relating 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 from discontinued operations, the post-tax gain or loss arising from re-measurement 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 item 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 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 recognised with respect to post-employment benefit plans is the difference between the present value of the defined benefit obligation and the fair value of any plan assets.

The present value of the defined benefit obligation is measured on the basis of the actuarial assumptions applied by 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 made up of the current service cost (the rights vested in each employee during the period in return for services rendered), the net interest linked to the effect of discounting the net defined benefit liability (asset), the past service cost arising from plan amendments or curtailments, and the effect of any plan settlements.

Re-measurements of the net defined benefit liability (asset) are recognised in other comprehensive income and are never reclassified to profit or loss. They include actuarial gains 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 being based on trends in the value of BNP Paribas shares.

BNP Paribas Fortis has elected to apply IFRS 2 'Share-based Payment' 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

Expenses relating to stock option and share award plans are recognised over the vesting period if the benefit is conditional upon the grantee's continued employment.

Stock option and share award expense 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 re-measurement 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 for deferred taxes relating to unrealised gains or losses on available-for-sale assets or to changes in the fair value of instruments designated as cash flow hedges, which are taken to shareholders' equity.

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

1.m Cash flow statement

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

Changes in cash and cash equivalents related to operating activities reflect cash flows generated by the operations of BNP Paribas Fortis, including cash flows relating to investment property, held-to-maturity financial assets and negotiable certificates of deposit.

Changes in cash and cash equivalents relating 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 relating to financing activities reflect the cash inflows and outflows resulting from transactions with shareholders, cash flows relating 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 judgment 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 puposes of using a valuation technique;
- whether a group of assets and liabilities held for sale, is to be considered as a discontinued operation or not;
- 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 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 2014

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'. Net interest income also includes the upfront refinancing fees on mortgage loans in Belgium.

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.

In millions of euros	Year to 31 Dec. 2014			Restated Year to 31 Dec. 2013		
	Income	Expense	Net	Income	Expense	Net
Customer items	**6,647**	**(1,940)**	**4,707**	**4,959**	**(1,391)**	**3,568**
Deposits, loans and borrowings	5,964	(1,920)	4,044	4,271	(1,378)	2,893
Repurchase agreements	8	(2)	6	7	(1)	6
Finance leases	675	(18)	657	681	(12)	669
Interbank items	**345**	**(389)**	**(44)**	**394**	**(471)**	**(77)**
Deposits, loans and borrowings	334	(330)	4	393	(467)	(74)
Repurchase agreements	11	(59)	(48)	1	(4)	(3)
Debt securities issued	**-**	**(410)**	**(410)**	**-**	**(490)**	**(490)**
Cash flow hedge instruments	**271**	**(240)**	**31**	**192**	**(130)**	**62**
Interest rate portfolio hedge instruments	**461**	**(234)**	**227**	**415**	**(239)**	**176**
Trading Book	**97**	**(174)**	**(77)**	**157**	**(224)**	**(67)**
Fixed-income securities	15		15	60		60
Repurchase agreements	20	(15)	5	24	(18)	6
Loans / Borrowings	62	(59)	3	73	(128)	(55)
Debt securities		(100)	(100)		(78)	(78)
Available-for-sale financial assets	**581**	**-**	**581**	**633**	**-**	**633**
Held-to-maturity financial assets	**54**	**-**	**54**	**52**	**-**	**52**
Total interest income / (expense)	**8,456**	**(3,387)**	**5,069**	**6,802**	**(2,945)**	**3,857**

Interest income on individually impaired loans amounted to EUR 52 million in the year ending 31 December 2014, compared with EUR 35 million in the year ending 31 December 2013.

Further information on the evolution of 'Net interest income' can be found in the 'Report of the Board of Directors – Comments on the evolution of the results'.

2.b Commission income and expense

Net commission income and expenses are specified in the table below:

In millions of euros	Year to 31 Dec. 2014	Restated Year to 31 Dec. 2013
Guarantees, commitments and credit operations	528	412
Payment services	328	177
Securities and derivatives operations	175	198
Asset management	422	416
Insurance	317	292
Intermediaries	(81)	(73)
Other	(48)	(22)
Total net commission income and expense	**1,641**	**1,400**

Commission income totaled EUR 2,445 million for the year ending 2014 (2013: EUR 1,959 million) while total commission expense amounted to EUR (804) million as at 31 December 2014 (2013: EUR (559) million).

The change in consolidation method related for TEB had a positive impact of EUR 316 million on net commission income, offset by a negative impact of EUR (18) million due to the exit of the branches in the UK and Portugal from the scope of consolidation. The remaining decline in net commission income was located in Belgium and Luxembourg, partly counterbalanced by higher commission income in the foreign (CIB) branches. Commission income in Belgium was negatively impacted by lower commissions earned on the transfer of Specialised Finance activities to CIB Belgium and by the Castle SF impact in 2013 (all results, including expenses, concerning the not-yet-transferred loans were reported as commission income, awaiting finalisation of legal documents allowing the final transfer of the loans). The decrease in net commission income in Luxembourg resulted from lower trailer fees, lower fees on stock exchange transactions and lower fees on payment services offered to clients.

Commission income and expense on financial instruments not measured at fair value through profit or loss amounted to EUR 544 million and EUR (101) million respectively in 2014, compared with income of EUR 423 million and expenses of EUR (89) million in 2013.

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 in 'Net interest income' (Note 2.a).

In millions of euros	Year to 31 Dec. 2014	Restated Year to 31 Dec. 2013
Trading Book	**51**	**297**
Debt instruments	(68)	150
Equity instruments	115	142
Other derivatives	2	3
Repurchase agreements	2	2
Financial instruments designated at fair value through profit or loss	**151**	**(114)**
Impact of hedge accounting	**(23)**	**12**
Hedging instruments	(980)	497
Items covered by fair value hedges	957	(485)
Re-measurement of currency positions	**(28)**	**54**
Total	**151**	**249**

Net gains on the Trading Book in 2014 and 2013 include a non-material amount relating to the ineffective portion of cash flow hedges.

2.d Net gain/loss on available-for-sale financial assets and other financial assets not measured at fair value

In millions of euros	Year to 31 Dec. 2014	Restated Year to 31 Dec. 2013
Loans and receivables, fixed-income securities [(1)]	**127**	**158**
Equities and other variable-income securities	**(20)**	**(29)**
Dividend income	19	19
Additions to impairment provisions	(47)	(65)
Net disposal gains	8	17
Total	**107**	**129**

[(1)] *Interest income from fixed-income financial instruments is reported in 'Net interest income' (Note 2.a), and impairment losses relating 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, recognised in other comprehensive income, are reclassified from equity to profit and loss. For the year ending 2014, this amounted to a gain of EUR 36 million, compared to a gain of EUR 134 million for the year ending 2013.

2.e Net income from other activities

In millions of euros	Year to 31 Dec. 2014			Restated Year to 31 Dec. 2013		
	Income	**Expense**	**Net**	**Income**	**Expense**	**Net**
Net income from investment property	41	(28)	13	71	(47)	24
Net income from assets held under operating leases	136	(98)	38	156	(117)	39
Other net income and expense	303	(311)	(8)	333	(291)	42
Total net income from other activities	**480**	**(437)**	**43**	**560**	**(455)**	**105**

The line 'Other net income and expense' is mainly related to specific activities of some leasing entities.

Further information on the evolution of 'Net income from other activities' can be found in the 'Report of the Board of Directors – Comments on the evolution of the results'.

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.

Further information on the evolution of 'Cost of risk' can be found in the 'Report of the Board of Directors – Comments on the evolution of the results'.

Cost of risk for the period

In millions of euros	Year to 31 Dec. 2014	Restated Year to 31 Dec. 2013
Net allowances to impairment	(309)	(381)
Recoveries on loans and receivables previously written off	38	47
Irrecoverable loans and receivables not covered by impairment provisions	(12)	(38)
Total cost of risk for the period	**(283)**	**(372)**

Cost of risk for the period by asset type

In millions of euros	Year to 31 Dec. 2014	Restated Year to 31 Dec. 2013
Loans and receivables due from credit institutions	6	-
Loans and receivables due from customers	(305)	(316)
Available-for-sale financial assets	-	(3)
Held-to-maturity financial assets	-	-
Financial instruments of trading activities	25	(16)
Other assets	5	1
Off-balance sheet commitments and other items	(14)	(38)
Total cost of risk for the period	**(283)**	**(372)**

Credit risk impairment

Movements in impairment during the period

In millions of euros	Year to 31 Dec. 2014	Restated Year to 31 Dec. 2013
Total impairment provisions at start of period	**4,160**	**3,858**
Discontinued operations	249	-
Total impairment provisions of continuing operations at start of period	**3,911**	**3,858**
Net additions to impairment provisions	309	381
Utilisation of impairment provisions	(674)	(550)
Effect of exchange rate movements and other items	(112)	471
Total impairment provisions of continuing operations at end of period	**3,434**	**4,160**

Impairment by asset type

In millions of euros	Year to 31 Dec. 2014	Restated Year to 31 Dec. 2013
Impairment of assets		
Loans and receivables due from credit institutions (Note 5.f)	133	185
Loans and receivables due from customers (Note 5.g)	3,069	3,670
Financial instruments on trading activities	72	56
Available-for-sale financial assets (Note 5.c)	28	28
Other assets	1	8
Total impairment of financial assets	**3,303**	**3,947**
Provisions recognised as liabilities		
Provisions for off-balance sheet commitments		
- to credit institutions	6	9
- to customers	115	142
Other specific provisions	10	62
Total provisions recognised for credit commitments (Note 5.o)	**131**	**213**
Total impairment and provisions	**3,434**	**4,160**

2.g Corporate income tax

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

	Year to 31 Dec. 2014		Restated Year to 31 Dec. 2013	
	in millions of euros	tax rate	in millions of euros	tax rate
Corporate income tax expense on pre-tax income at standard tax rate in Belgium	**(752)**	**33.99%**	**(521)**	**33.99%**
Impact of differently taxed foreign profits	82	(5.9%)	24	(1.6%)
Impact of dividends and securities disposals taxed at reduced rate	34	(2.4%)	27	(1.8%)
Tax impact of previously unrecognised deferred taxes (tax losses and temporary differences)	(35)	2.5%	(9)	0.6%
Tax impact of using tax losses for which no deferred tax asset was previously recognised	8	(0.6%)	3	(0.2%)
Other items	(38)	2.7%	(11)	0.7%
Corporate income tax expense	**(701)**	**30.32%**	**(487)**	**31.70%**
of which				
Current tax expense for the year to 31 December	(293)		(285)	
Deferred tax expense for the year to 31 December (Note 5.j)	(408)		(202)	

3 Segment information

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 Bankası (TEB), BNP Paribas Leasing Solutions, BNP Paribas Investment Partners and the foreign branches of BNP Paribas Fortis.

Operating segments are components of BNP Paribas Fortis:

- that engage in business activities from which they 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 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. 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 3.6 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 800 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 Bank, 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, plus 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 & Institutional Banking, enables the Bank to offer unified commercial services to its Belgian clients locally and abroad.

Corporate & Institutional 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 Türk Ekonomi Bankasi (TEB), in which it has a 45.76% 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 (85% owned by BNP Paribas Fortis SA/NV) is a universal bank providing savings and 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. 2014				Restated Year to 31 Dec. 2013			
	Belgium	Luxembourg	Other	Total	Belgium	Luxembourg	Other	Total
Revenues	**3,930**	**727**	**2,354**	**7,011**	**3,740**	**775**	**1,225**	**5,740**
Operating expense	(2,792)	(378)	(1,341)	(4,511)	(2,807)	(432)	(660)	(3,899)
Cost of risk	(83)	16	(216)	(283)	(217)	(2)	(153)	(372)
Operating Income	**1,055**	**365**	**797**	**2,217**	**716**	**341**	**412**	**1,469**
Non-operating items	(68)		215	147	(296)	(66)	304	(58)
Pre-tax income	**987**	**365**	**1,012**	**2,364**	**420**	**275**	**716**	**1,411**

Assets and liabilities by operating segment

In millions of euros	31 December 2014				Restated 31 December 2013			
	Belgium	Luxembourg	Other	Total	Belgium	Luxembourg	Other	Total
Assets	**179,671**	**22,971**	**72,564**	**275,206**	**172,553**	**22,081**	**61,592**	**256,226**
of which goodwill on acquisitions during the period								
of which investments in associates and Joint ventures	1,141	89	2,718	3,948	1,067	89	2,275	3,431
Liabilities	**167,986**	**18,153**	**63,675**	**249,814**	**161,646**	**17,684**	**53,428**	**232,758**

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 (see also Note 8.b 'Business combinations' in the BNP Paribas Fortis Annual Report 2013). The total assets of the TEB entities amounted to EUR 23,573 million at 31 December 2014.

3.c Country-by-country reporting

The country-by-country reporting has been prepared to comply with the requirements set out in Article 89 of the European Union Capital Requirements Directive IV. The information is presented using the same basis as the Consolidated Financial Statements of BNP Paribas Fortis for the period ending 31 December 2014, which are prepared in accordance with IFRSs as adopted by the European Union. The country information relates to the country of incorporation or residence of branches and subsidiaries.

In millions of euros	Revenues	Pre-tax income	Current tax	Deferred tax	Corporate income tax	FTEs	Nature of activities
Belgium	**4,081**	**1,084**	**(27)**	**(390)**	**(417)**	**15,303**	
of which: BNP Paribas Fortis NV/SA	*3,416*	*545*		*(246)*	*(246)*	*14,767*	*Credit institution*
Turkey	**1,134**	**352**	**(84)**	**13**	**(71)**	**10,261**	
of which: Türk Ekonomi Bankası AS	*1,103*	*329*	*(84)*	*17*	*(67)*	*10,083*	*Credit institution*
Luxemburg	**702**	**378**	**(60)**	**(22)**	**(82)**	**2,401**	
of which: BGL BNP Paribas	*707*	*354*	*(58)*	*(30)*	*(88)*	*2,356*	*Credit institution*
France	**279**	**121**	**(66)**	**23**	**(43)**	**1,232**	
of which: BNP Paribas Lease Group BPLG	*170*	*59*	*(53)*	*26*	*(27)*	*1,104*	*Leasing firm*
Germany	**219**	**58**	**(19)**	**(3)**	**(22)**	**640**	
of which: Von Essen GMBH & CO. KG Bankgesellschaft	*90*	*28*	*(3)*		*(3)*	*325*	*Credit institution*
Poland	**198**	**36**	**(8)**	**(2)**	**(10)**	**2,569**	
of which: BNP Paribas Bank Polska S.A.	*194*	*33*	*(6)*	*(3)*	*(9)*	*2,563*	*Credit institution*
United Kingdom	**118**	**64**	**2**	**(21)**	**(19)**	**45**	
Spain	**79**	**67**	**(19)**	**(2)**	**(21)**	**247**	
The Netherlands	**66**	**5**	**(2)**	**6**	**4**	**201**	
Kosovo	**34**	**11**	**(1)**		**(1)**	**598**	
Other	**101**	**188**	**(9)**	**(10)**	**(19)**	**224**	
Total	**7,011**	**2,364**	**(293)**	**(408)**	**(701)**	**33,721**	

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' risk management organisation and a quantitative and qualitative overview of BNP Paribas Fortis' risk exposure at year-end 2014.

BNP Paribas Fortis's risk measures are presented according to the Basel III 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 2014.

4.a Risk management organisation

4.a.1 Mission and organisation

Risk management is key in the banking business. At the BNP Paribas Group, 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), namely to:
  - 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 with 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 the Banks' risk professionals implement and further develop methods and procedures of the highest quality in line with its international competitors' best practices.

The CRO heads the various Risk functions:

- Risk Anticipation & Capital is responsible for the regulatory affairs, credit modelling, model certification, strategic risk reporting and provisioning.
- Risk Investments and Markets is tasked to provide full transparency and a dynamic analysis of market, liquidity and counterparty risks as well as credit risks on financial institutions and sovereigns, to all BNP Paribas Fortis businesses.
- Risk Retail & Corporate is responsible for the management of credit risks arising from all Business Lines within the perimeter of BNP Paribas Fortis (Retail & Private Banking Belgium, Corporate & Public Bank Belgium and Corporate & Institutional Banking).
- Risk Strategy & Organisation is responsible for risk systems, 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 as 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 accordance 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, which acts in line with 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 customer-level credit decisions are taken within the desired credit risk profile, the 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 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 and 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 credit risk embedded in payments or transactions between counterparties. Those transactions typically include bilateral contracts such as over-the-counter (OTC) derivative contract, which expose the Bank to the risk of counterparty default. The amount of this risk may vary over time in line with changing market parameters, which in turn impacts the replacement value of the relevant transactions or portfolio.

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 relating 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 relating to published financial information and the financial implications resulting from compliance and reputational 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) carried out its Comprehensive Assessment in view of the implementation of the Single Supervisory Mechanism (SSM) in 2014. BNP Paribas Fortis as subsidiary of BNP Paribas was in scope of this review. The Comprehensive Assessment consisted out of three parts:

(a) Supervisory risk assessment which embodied 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.

The Asset quality review (AQR) has in relation with BNP Paribas Fortis resulted in limited adjustments in terms of specific and collective provisions and in some remediation actions in terms of policy, processes, systems and governance. All proposed adjustments were applied in the normal cause of risk management and the remediation actions are currently being implemented.

4.c Capital adequacy

Framework

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

The Belgian Act of 25 April 2014 on the status and the supervision of credit institutions replaces the Act of 22 March 1993 with the same name. It updates the Belgian legislation in accordance with the new EU regulatory framework. The Capital Requirements Directive (CRD IV) is the legal framework for the supervision of credit institutions in all Member States of the European Union and is the basis of the Single Supervisory Mechanism, composed of the European Central Bank (ECB) and the national competent authorities, such as the National Bank of Belgium (NBB). The Capital Requirements Regulation (CRR) was published under reference number 575/2013 on June 26th 2013 in the Official Journal of the European Union and is in force as of June 27th 2013, while the supervised entities within its scope are subject to it as of January 1st 2014.

As such is BNP Paribas Fortis supervised, at consolidated and statutory level, by the ECB and the 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.

Since 1 January 2014, BNP Paribas Fortis has been computing its qualifying capital and its risk-weighted assets under the CRR/CRD IV (Capital Requirement Regulation and Directive) framework, which is the EU implementation of Basel III, a revised global agreement by the Basel Committee on Banking Supervision in response to the financial crisis. This new framework replaces the Basel II rules.

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 (and, hence, Basel III): 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, taking into account prudential filters and deductions imposed by the regulator, as described in the CRR/CRD IV as transposed into the new Belgian Banking Law published in April 2014.

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

	31 December 2014	
In millions of euros	**Basel III (transitional**)**	**of which amounts subject to pre-regulation treatment ***
Common Equity Tier 1 (CET1) capital : instruments and reserves	**-**	**-**
Capital instruments and the related share premium accounts	9,605	-
Retained earnings	8,517	-
Accumulated other comprehensive income (and other reserves)	517	-
of which : Regulatory book value	*886*	-
of which : Prudential adjustments	*(369)*	-
Funds for general banking risk	-	-
Minority interests (amount allowed in consolidated CET 1)	4,417	2,602
of which : Regulatory book value	*5,138*	-
of which : Prudential adjustments	*(3,323)*	-
Independently reviewed interim profits net of any foreseeable charge or dividend	-	-
COMMON EQUITY TIER 1 (CET1) CAPITAL BEFORE REGULATORY ADJUSTMENTS	**23,055**	**2,602**
Common Equity Tier 1 (CET1) : regulatory adjustments	**(4,515)**	**717**
COMMON EQUITY TIER 1 (CET1) CAPITAL	**18,540**	**3,319**
Additional Tier 1 (AT1) capital : instruments	**300**	**5**
Additional Tier 1 (AT1) capital : regulatory adjustments	**-**	**-**
ADDITIONAL TIER 1 (AT1) CAPITAL	**300**	**5**
TIER 1 CAPITAL (T1 = CET1 + AT1)	**18,840**	**3,324**
Tier 2 (T2) capital : instruments and provisions	**2,787**	**627**
Tier 2 (T2) capital : regulatory adjustments	**(278)**	**(9)**
TIER 2 (T2) CAPITAL	**2,509**	**618**
TOTAL CAPITAL (TC = T1 + T2)	**21,349**	**3,942**

(*) *By virtue of (EU) regulation N° 575/2013*

(**) *The new regulatory requirements are progressively implented (phase-in) as from the 1st of January 2014 until the 1st of January 2019, which means that capital adequacy ratios are presented as 'transitional' or 'fully phased-in'.*

The table below shows the key capital indicators:

In millions of euros	31 December 2014	31 December 2013
Common equity Tier 1 Capital (CET1)	18,540	17,377
Tier 1 Capital	18,840	18,618
Total Capital	21,349	21,910
Risk weighted commitments		
Credit risk	106,457	103,957
Securitisation	3,395	3,994
Counterparty Risk	2,942	4,090
Equity Risk	4,815	2,656
Market risk	2,124	2,291
Operational risk	8,538	8,708
TOTAL RISK WEIGHTED COMMITMENTS	**128,271**	**125,696**
CET 1 ratio	14.5%	13.8%
Tier 1 ratio	14.7%	14.8%
Total capital ratio	16.6%	17.4%

The table below shows the Risk-Weighted Assets and Capital Requirements

In millions of euros	31 December 2014		31 December 2013		Variation	
	Basel III		Basel 2.5			
	Risk-weighted assets	Capital Require-ment	Risk-weighted assets	Capital Require-ment	Risk-weighted assets	Capital Require-ment
CREDIT RISK	**106,457**	**8,517**	**103,957**	**8,317**	**2,500**	**200**
Credit risk - IRB approach	**49,097**	**3,928**	**51,045**	**4,084**	**(1,948)**	**(156)**
Central governments and central banks	1,147	92	1,266	101	(119)	(9)
Corporates	31,947	2,556	32,788	2,624	(841)	(68)
Institutions	2,772	222	3,639	291	(867)	(69)
Retail	13,102	1,048	13,215	1,057	(113)	(9)
Real estate loans	9,007	721	8,053	644	954	77
Revolving exposures	81	6	89	7	(8)	(1)
Other exposures	4,014	321	5,073	406	(1,059)	(85)
Other non credit-obligation assets	129	10	137	11	(8)	(1)
Credit risk - Standardised approach	57,360	4,589	52,912	4,233	4,448	356
Central governments and central banks	4,359	349	1,998	160	2,361	189
Corporates	25,569	2,045	28,664	2,293	(3,095)	(248)
Institutions	4,658	373	5,502	440	(844)	(67)
Retail	18,195	1,456	12,715	1,017	5,480	439
Real estate loans	892	71	1,309	105	(417)	(34)
Revolving exposures	146	12	340	27	(194)	(15)
Other exposures	17,157	1,373	11,066	885	6,091	488
Other non credit-obligation assets	4,579	366	4,033	323	546	43
BANKING BOOK SECURITISATION POSITIONS	**3,395**	**272**	**3,994**	**320**	**(599)**	**(48)**
Securitisation positions - IRB approach	3,395	272	3,994	320	(599)	(48)
Securitisation positions - Standardised approach	-	-	-	-	-	-
COUNTERPARTY RISK	**2,942**	**235**	**4,090**	**327**	**(1,148)**	**(92)**
Counterparty risk - IRB approach	**2,474**	**198**	**2,660**	**213**	**(186)**	**(15)**
CVA charge	296	24	-	-	296	24
Other counterparty risk	2,178	174	2,660	213	(482)	(39)
Central governments and central banks	3	-	15	1	(12)	(1)
Corporates	1,811	145	1,459	117	352	28
Institutions	363	29	1,186	95	(823)	(66)
Other non credit-obligation assets	1	-	-	-	1	-
Counterparty risk - Standardised approach	**468**	**37**	**1,430**	**114**	**(962)**	**(77)**
CVA charge	171	14	-	-	171	14
Other counterparty risk	297	23	1,430	114	(1,133)	(91)
Central governments and central banks	-	-	-	-	-	-
Corporates	194	15	1,038	83	(844)	(68)
Institutions	99	8	391	31	(292)	(23)
Retail	4	-	1	-	3	-
EQUITY RISK	**4,815**	**111**	**2,656**	**123**	**2,159**	**(12)**
Internal model	-	-	-	-	-	-
Simple weighting method	1,390	111	1,538	123	(148)	(12)
Standardised approach	3,425	-	1,118	-	2,307	-
MARKET RISK	**2,124**	**170**	**2,291**	**182**	**(167)**	**(12)**
Internal model	1,685	135	1,925	153	(240)	(18)
VaR	321	26	-	-	-	-
Stressed VaR	748	60	-	-	-	-
Incremental Risk Charge	616	49	-	-	-	-
Comprehensive Risk Measure	-	-	-	-	-	-
Standardised approach	439	35	366	29	73	6
Trading book securitisation positions	-	-	-	-	-	-
OPERATIONAL RISK	**8,538**	**683**	**8,708**	**697**	**(170)**	**(14)**
Advanced Measurement Approach (AMA)	5,347	428	5,448	436	(101)	(8)
Standardised approach	730	58	835	67	(105)	(9)
Basic indicator approach	2,461	197	2,425	194	36	3
TOTAL	**128,271**	**9,988**	**125,696**	**9,966**	**2,575**	**22**

Overall, the implementation of the new Basel 3 regulation brought the RWA significantly upwards on assets under the standard approach (due to the risk weighting of assets previously deducted from own funds) and, to a lesser extent, downward on assets under the IRB approach (due to the application of the supporting factor on lending to SMEs).

Internal Capital Adequacy Assessment Process (ICAAP)

The CRR/CRD IV 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 it is supported, as appropriate, by impact analysis 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 2014			31 December 2013		
	IRBA	Standardised Approach	Total	IRBA	Standardised Approach	Total
Central governments and central banks	41,770	12,767	54,537	38,009	9,423	47,432
Corporates	100,129	34,071	134,200	99,226	40,035	139,261
Institutions *	21,142	10,949	32,091	29,412	7,813	37,225
Retail	71,285	30,939	102,224	66,723	20,940	87,663
Securitisation positions	5,553		5,553	7,135		7,135
Other non-credit-obligation assets **	325	4,615	4,940	137	3,912	4,049
Total exposure	**240,204**	**93,341**	**333,545**	**240,642**	**82,123**	**322,765**

(*) *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 measured in the standard approach was mainly driven by (i) the implementation of the Basel III regulations as from 1st of April 2014 which impacts assets formerly subject to deduction from own funds and now included in the risk weight calculation and (ii) by the increase in retail activities of the Turkish subsidiary (TEB) and de-netting of the cash-pooling activities in BNP Paribas Fortis Amsterdam branch. The credit risk portfolio measured in the advanced approach (IRBA) remained globally stable as the disposal of the Frankfurt activities to BNP Paribas were almost balanced by increased exposure in the Belgian and Luxembourg Retail Banking as well as in Corporate and Institutional Banking (CIB).

Exposure to Counterparty Risk

For counterparty risk, the share of exposures under the IRB approach represents 98% at 31 December 2014, compared with 97% at 31 December 2013.

BNP Paribas Fortis is exposed to counterparty risk on its capital markets transactions. This risk is managed through the widespread use of standard close-out netting and collateral agreements and through a dynamic hedging policy. Changes in the value of the Bank's exposure are taken into account in the measurement of over-the-counter financial instruments through a credit value adjustment process.

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 by calculation approach

	31 December 2014			31 December 2013		
In millions of euros	**IRBA****	**Standardised Approach**	**Total**	**IRBA**	**Standardised Approach**	**Total**
Central governments and central banks	739		739	406		406
Corporates	5,012	146	5,158	2,461	1,038	3,499
Institutions *	1,856	1,593	3,449	6,062	415	6,477
Retail	1	5	6		1	1
Total exposure	**7,608**	**1,744**	**9,352**	**8,929**	**1,454**	**10,383**

(*) *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.*

(**) *For the IRBA approach, exposures correspond to the ones used to compute the capital charge. For 2014, it is the Stressed EAD.*

Exposure at default by rating

The table below (on internal models, as is the rest of this paragraph) shows the distribution of the OTC derivative portfolio by rating. For each element, the proportion of netted and collateralised transactions (in terms of number of trades) is indicated :

Rating	%	o/w netted part	o/w collat. part
AAA	0%	98%	95%
AA	24%	98%	91%
A	11%	98%	76%
BBB	25%	85%	18%
BB	34%	93%	6%
B	4%	89%	5%
Others	2%	93%	0%
Sum	**100%**		

Risk Weighted Assets

From 1 January 2014, the counterparty risk weighted assets are the results of three regulatory requirements:

In millions of euros	Capital	RWAs
CCR Bilateral	176	2,198
CCR Clearing	2	26
CVA Charge	24	296
Total	**202**	**2,520**

The bilateral CCR charge corresponds to the (classical) bilateral counterparty risk own funds requirements. It is computed on the non-cleared part of the OTC derivatives and repos portfolio. This charge is the maximum of the charge computed based on actual EADs (i.e. using the actual calibration period) and the charge computed based on the Stressed EADs (i.e. using a stressed calibration period).

The following table presents the split of the bilateral CCR charge between OTC Derivatives and Repos:

In millions of euros	Capital	RWAs
OTC Derivatives	173	2,161
Repos/Slab	3	37
Total	**176**	**2,198**

The clearing CCR charge is the result of an extension of the bilateral CCR perimeter to clearing activities; it covers the cleared part of the OTC Derivatives and Repos portfolio plus the listed derivatives portfolio.

The CVA charge is the sum of two elements:

- CVA VaR charge, which represents own funds requirements measured from a VaR computation on CVA sensitivities to credit spreads
- CVA SVaR charge, which represents own funds requirements measured from a Stressed VaR computation on CVA sensitivities to credit spreads.

In millions of euros	Capital	RWAs
CVA VaR Charge	7	85
CVA SVaR Charge	17	211
Total	**24**	**296**

The CVA sensitivities to credit spreads used to compute the CVA VaR (first element) are based on actual EADs; those used to compute the CVA SVaR (second element) are based on stressed EADs.

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 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 the Business and the Risk department. 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 (now Basel III). 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 20 counterparty ratings: 17 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 III 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 with 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 back-tested annually.

The result of all back-testing 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 III 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 III 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.

IRB approach – Sovereign/Corporates/Institutions

The following table gives the breakdown by Basel asset class - Sovereign, Corporates, Intitutions - of the risk mitigation resulting from collateral and guarantees relating to the portfolio of loans and credit commitments for all Business Lines using the advanced IRB Approach.

	31 December 2014				31 December 2013			
	Basel III				Basel 2.5			
		Risk mitigation				Risk mitigation		
In millions of euros	**Total exposure**	**Guarantees and credit derivatives**	**Collateral**	**Total guarantees and collaterals**	**Total exposure**	**Guarantees and credit derivatives**	**Collateral**	**Total guarantees and collaterals**
Central governments and central banks	41,770	1,365	1	1,366	38,009	-	-	-
Corporates	100,129	17,687	5,964	23,651	99,226	-	-	-
Institutions	21,142	1,994	107	2,100	29,412	-	-	-
Total	**163,041**	**21,046**	**6,072**	**27,117**	**166,647**	**-**	**-**	**-**

Standardised approach – Sovereign/Corporates/Institutions

The following table gives the breakdown by Basel asset class - Sovereign, Corporates and Institutions - of the risk mitigation resulting from collateral and guarantees relating to the portfolio of loans and credit commitments for all Business Lines using the standardised approach.

	31 December 2014				31 December 2013			
	Basel III				Basel 2.5			
		Risk mitigation				Risk mitigation		
In millions of euros	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collateral	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collateral
Central governments and central banks	12,767	-	1	1	9,423	-	-	-
Corporates	34,071	157	50	207	40,035	110	86	196
Institutions	10,949	-	26	26	7,813	-	115	115
Total	**57,787**	**157**	**77**	**234**	**57,271**	**110**	**201**	**311**

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.j 'Structured Credit Instruments'.

Diversification of exposure to credit risk

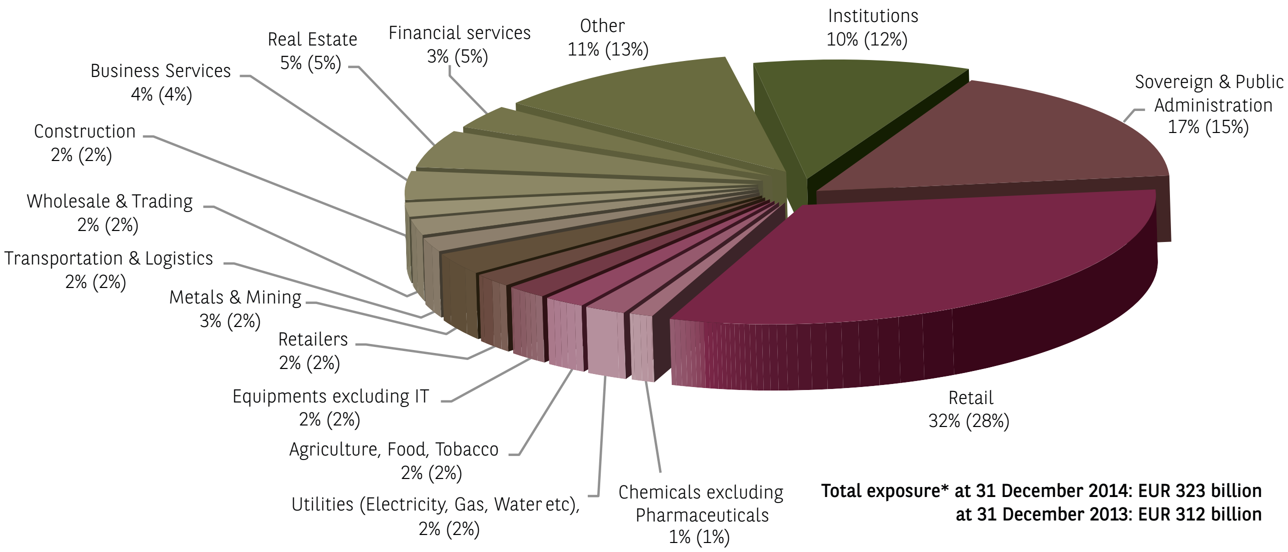
Credit risk concentration is any exposure to a counterparty or an aggregate of exposures to a number of positively correlated counterparties (i.e. tendency to default under similar circumstances) with the potential to produce a significant amount of capital loss due to a bankruptcy or failure to pay. 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 authorisation'. This implies that groups of connected counterparties are deemed 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 2014.

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

In millions of euros	31 December 2014		31 December 2013	
	Exposure	%	Exposure	%
Agriculture, Food, Tobacco	9,591	7%	5,329	4%
Financial services	10,101	8%	16,445	12%
Chemicals excluding Pharmaceuticals	2,295	2%	2,649	2%
Construction	7,852	6%	7,711	6%
Retailers	6,513	5%	6,159	4%
Equipment excluding IT	5,557	4%	5,800	4%
Real estate	15,997	12%	16,917	12%
Metals & Mining	8,592	6%	5,706	4%
Wholesale & Trading	6,083	5%	7,011	5%
Business services	12,756	10%	11,441	8%
Transportation & Logistics	6,340	5%	6,928	5%
Utilities (electricity, gas, water, etc.)	5,744	4%	5,568	4%
Other	36,779	26%	41,597	30%
TOTAL	**134,200**	**100%**	**139,261**	**100%**



Total exposure* at 31 December 2014: EUR 323 billion
at 31 December 2013: EUR 312 billion

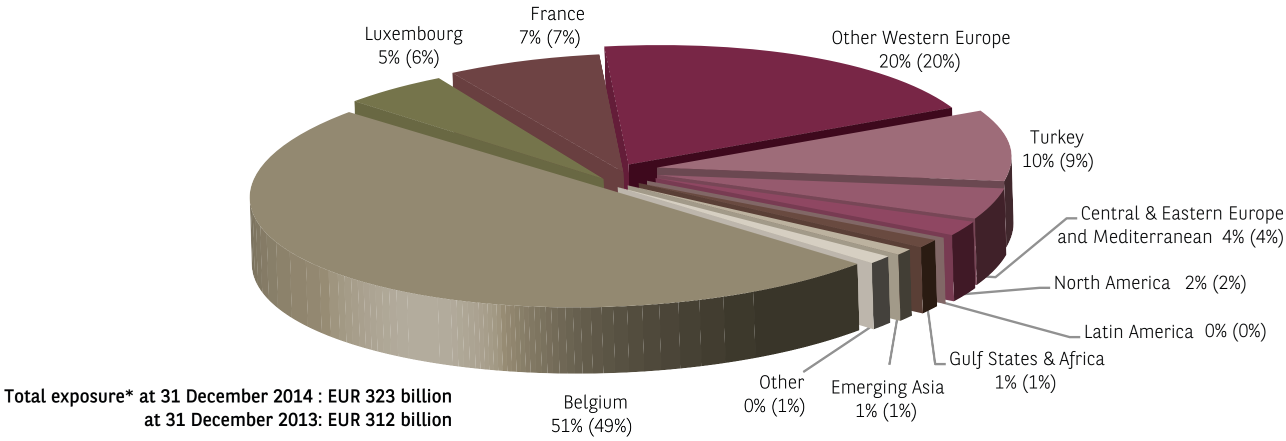
[*] *Total exposure excluding counterparty risk, equity, other non-credit-obligation assets and securitisation positions. Percentages between brackets reflect the breakdown as at 31 December 2013.*

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 2014.

Geographical breakdown of credit risk at 31 December 2014 by counterparty's country of location

In millions of euros	31 December 2014					
	Basel III					
	Central governments and central banks	Corporates	Institutions	Retail	TOTAL	%
Europe	**51,032**	**126,699**	**30,627**	**101,751**	**310,109**	**96%**
Belgium	*28,926*	*52,863*	*13,736*	*67,372*	*162,897*	*50%*
Netherlands	*4,834*	*11,742*	*355*	*1,203*	*18,134*	*6%*
Luxembourg	*3,882*	*7,176*	*266*	*6,063*	*17,387*	*5%*
France	*1,710*	*4,990*	*11,664*	*3,251*	*21,615*	*7%*
Turkey	*4,552*	*11,963*	*1,550*	*13,999*	*32,064*	*10%*
Other European countries	*7,128*	*37,965*	*3,056*	*9,863*	*58,012*	*18%*
North America	**2,219**	**2,537**	**186**	**3**	**4,945**	**2%**
Asia & Pacific	**325**	**1,375**	**747**	**455**	**2,902**	**1%**
Rest of the World	**961**	**3,589**	**531**	**15**	**5,096**	**2%**
TOTAL	**54,537**	**134,200**	**32,091**	**102,224**	**323,052**	**100%**

In millions of euros	31 December 2013					
	Basel 2.5					
	Central governments and central banks	Corporates	Institutions	Retail	TOTAL	%
Europe	**44,088**	**131,014**	**33,298**	**87,253**	**295,653**	**95%**
Belgium	*26,566*	*54,473*	*8,481*	*62,677*	*152,197*	*49%*
Netherlands	*3,966*	*10,441*	*424*	*502*	*15,333*	*5%*
Luxembourg	*1,319*	*10,012*	*1,984*	*5,940*	*19,255*	*6%*
France	*1,773*	*5,533*	*12,528*	*3,213*	*23,047*	*7%*
Turkey	*3,627*	*15,878*	*854*	*6,282*	*26,641*	*9%*
Other European countries	*6,837*	*34,677*	*9,027*	*8,639*	*59,180*	*19%*
North America	**809**	**3,416**	**1,448**	**16**	**5,689**	**2%**
Asia & Pacific	**238**	**1,379**	**1,351**	**217**	**3,185**	**1%**
Rest of the World	**2,297**	**3,452**	**1,128**	**177**	**7,054**	**2%**
TOTAL	**47,432**	**139,261**	**37,225**	**87,663**	**311,581**	**100%**



[*] *Total exposure excludes counterparty risk, equity, other non credit obligation assets and securitisation positions. Percentages between brackets reflect the breakdown as at 31 December 2013.*

4.d.1.6 Credit risk rating

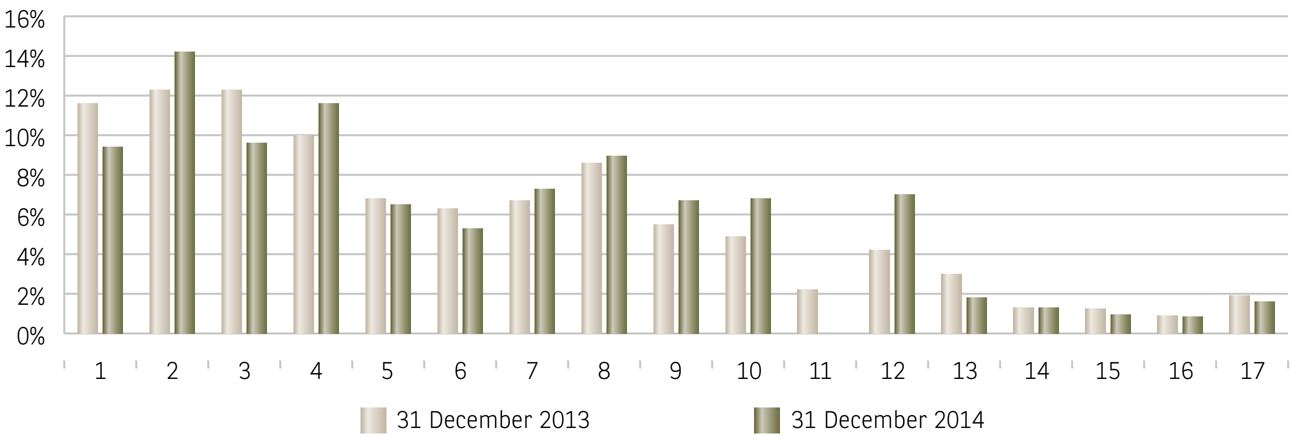
Credit risk rating is a classification that results from the Risk Rating Assignment Process, which is based on a qualified assessment and formal evaluation. This classification is the result of an analysis of each obligor's financial history and an estimate of its ability to meet debt obligations in 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 96.8 billion of the gross credit risk at 31 December 2014, compared with EUR 92.2 billion at 31 December 2013.

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



Retail banking operations

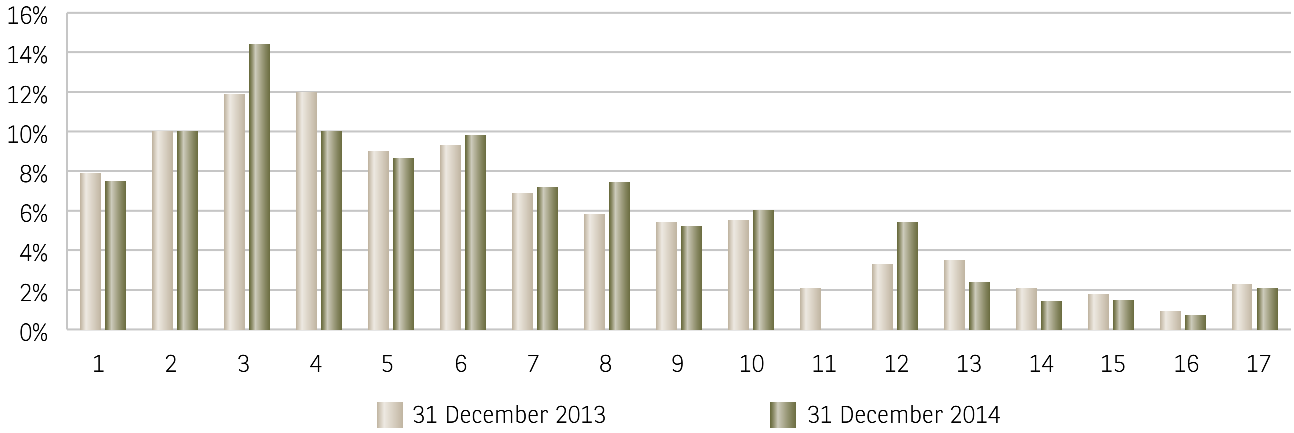
Retail banking operations are carried out through the BNP Paribas Fortis retail network. The Belgian field of operations is embedded in structured and automated credit processes, complying with the Basel II Internal Rating Based Advanced approach endorsed in March 2008.

All the advanced Basel III parameter 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 III 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 69.9 billion of the gross credit risk at 31 December 2014, compared with EUR 65.2 billion at 31 December 2013.

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



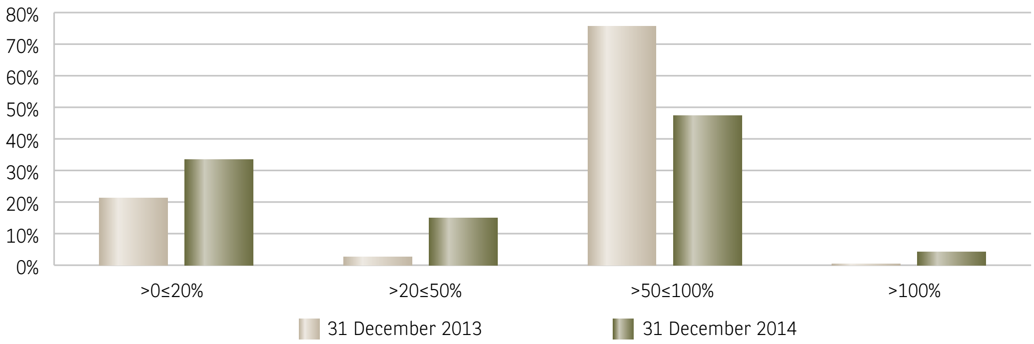
Standardised approach

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 via 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	31 December 2014					
	< 90 days	> 90 days < 180 days	> 180 days < 1 year	> 1 year	Total	Collateral received
Available-for-sale financial assets (excl. variable-income securities)						
Loans and receivables due from credit institutions	2				2	2
Loans and receivables due from customers	2,896	22	7	1	2,926	1,243
Held-to-maturity financial assets						
Total past-due but not impaired loans	**2,898**	**22**	**7**	**1**	**2,928**	**1,245**

In millions of euros	Restated 31 December 2013					
	< 90 days	> 90 days < 180 days	> 180 days < 1 year	> 1 year	Total	Collateral received
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	3,281	53	21	6	3,361	2,050
Held-to-maturity financial assets						
Total past-due but not impaired loans	**3,366**	**53**	**21**	**6**	**3,446**	**2,108**

Doubtful loans

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

In millions of euros	31 December 2014			
	Doubtful loans			Collateral received
	Gross value	Impairment	Net	
Available-for-sale financial assets (excl. variable-income securities) (Note 5.c)	28	(28)		
Loans and receivables due from credit institutions (Note 5.f)	202	(120)	82	53
Loans and receivables due from customers (Note 5.g)	5,916	(2,491)	3,425	2,599
Held-to-maturity financial assets (Note 5.i)				
Doubtful assets	**6,146**	**(2,639)**	**3,507**	**2,652**
Financing commitments given	164	(1)	163	124
Guarantee commitments given	233	(93)	140	-
Off-balance sheet doubtful commitments	**397**	**(94)**	**303**	**124**
Total	**6,543**	**(2,733)**	**3,810**	**2,776**

In millions of euros	Restated 31 December 2013			
	Doubtful loans			Collateral received
	Gross value	Impairment	Net	
Available-for-sale financial assets (excl. variable-income securities) (Note 5.c)	28	(28)		
Loans and receivables due from credit institutions (Note 5.f)	276	(171)	105	68
Loans and receivables due from customers (Note 5.g)	7,399	(2,986)	4,413	3,039
Held-to-maturity financial assets (Note 5.i)				
Doubtful assets	**7,703**	**(3,185)**	**4,518**	**3,107**
Financing commitments given	175	(50)	125	52
Guarantee commitments given	311	(63)	248	154
Off-balance sheet doubtful commitments	**486**	**(113)**	**373**	**206**
Total	**8,189**	**(3,298)**	**4,891**	**3,313**

4.d.2 Counterparty risk

4.d.2.1 Introduction

Counterparty risk, as defined in chapter 4.b.2, is the credit risk embedded in the financial transactions between counterparties. Counterparty risk lies in the fact that a counterparty may default on its obligations to pay the Bank the full present value of a transaction or portfolio for which the Bank is a net receiver.

Counterparty risk is linked to the replacement cost of a derivative or portfolio in the event of the counterparty default. It can be seen as a market risk in case of default or a contingent risk. Counterparty risk arises from both bilateral activities of BNP Paribas Fortis with clients and clearing activities through clearing houses or external clearers.

4.d.2.2 Counterparty Risk Measurement

Counterparty exposure valuation

The exposure to counterparty risk is measured using two approaches:

Modelled approach

The Exposure at Default (EAD) for counterparty risk is measured using an internal model and is subsequently incorporated into the credit risk weighting system. The EAD is based on Monte-Carlo simulation, which assess the possible movements in exposure value. The stochastic processes used in the simulation are governed by parameters including volatilities and correlations, which 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 one day to more than thirty years for the longest transactions). Value changes are calculated up to the maturity of each counterparty portfolio.

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 and includes the effects of potentially risky collateral that the Bank might receive under a collateral agreement.

Furthermore, the internal model for counterparty risk has been updated to comply with the legal implementation of Basel III, effective as from 1 January 2014:

- Extended margin period of risk extension
- Specific correlation risk
- Stressed EAD computation

Non-modelled approach

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

4.d.2.3 Counterparty Risk Reduction

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 trade-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 agreement are those issued by the National Bank of Belgium (NBB), and on an international basis by the International Swaps and Derivatives Association (ISDA).

Trade clearing

Trade clearing is part of BNP Paribas Fortis' usual Capital Market activities. As a clearing member, BNP Paribas Fortis contributes to the risk management framework of the central clearing counterparties (CCPs) through the payment of a default fund contribution as well as daily margin calls. The rules which define the relationships between BNP Paribas Fortis and the CCPs of which it is a member are described in each CCP's rule book. This scheme enables the reduction of notional amounts through the netting of the portfolio and a transfer of the risk from several counterparties to a single one with a robust risk management framework.

Limit / Monitoring Framework

A counterparty risk limit framework with appropriate escalation mechanisms is in place in the event of limit breaches. Potential Future Exposures (PFE) calculated by the internal model on a daily basis are compared with the limits assigned to each counterparty. In addition, this system can simulate ad-hoc transactions and measure their marginal impact on the counterparty portfolio. It is therefore an essential tool of the trade approval process. The following Committees (sorted by 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 for the monitoring of counterparty risk and the prevention of systemic risk concentrations.

4.d.2.4 Credit Value Adjustments

The valuation of financial OTC trades carried out by BNP Paribas Fortis as part of its trading activities includes credit value adjustments (CVAs).A CVA is an adjustment of the trading portfolio valuation to take into account the counterparty risk. It is the fair value of any expected loss arising from counterparty exposure based on the potential positive value of the portfolio, 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.

The credit value adjustment is not only a function of the expected exposure but also the credit risk level of the counterparty, which is linked to the level of the Credit Default Swaps (CDS) spreads 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.

To protect banks against the risk of losses due to CVA variations, Basel III introduced a dedicated capital charge, the 'VaR on CVA charge'. The aim of this new charge is to capitalisethe risk of loss caused by changes in the credit spread of a counterparty due to changes in its credit quality. The 'VaR on CVA charge' is computed by the Group using the advanced method and relying on the Bank's internal models.

4.d.2.5 Stress testing and General Wrong Way Risk

Wrong way risk is where exposure to a counterparty is inversely correlated with the credit quality of the counterparty. Such risk can be split into two parts:

- General Wrong Way Risk (GWWR), which corresponds to the risk that the likelihood of default by counterparties is positively correlated with general market risk factors

- Specific Wrong Way Risk (SWWR), which corresponds to the risk arising when future exposure to a specific counterparty is positively correlated with the counterparty's probability of default due to the nature of the transactions with the counterparty.

In addition to the above, when a legal link between the exposure underlyings and the counterparty is established, the SWWR is subject to prescribed, regulatory capital treatment. GWWR is treated and measured using specific stress tests.

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, stressing market and macro-economic parameters appropriately. 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.

- The GWWR framework relies upon a robust bottom-up approach, with the expertise of the counterparty credit analysts specifically needed to define more specifically the most impacting scenarios at portfolio level (the approach consists of the use of stressed market parameters reflecting extreme but realistic conditions).

The BNP Paribas Fortis counterparty risk stress testing framework is aligned with the market risk framework (as presented within the market risk section). As such, the counterparty stress testing framework is implemented in conjunction with 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.

Such risk analysis is part of the management reporting framework which shares common forums with the market risk reporting setup such as the Capital Markets Risk Committee (CMRC). Both counterparty and market risk stress testing frameworks are governed by the Stress Testing Steering Committee.

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 III)

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 the current Basel requirements. Additional information on both securitisation transactions is included in Note 8.q 'Additional information on the Bass and Esmée securitisation transactions' to the BNP Paribas Fortis Consolidated Financial Statements 2014.

Securitisation as sponsor on behalf of clients

During 2014, 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 than the capital markets. As at 31 December 2014: (i) the total face value of the commercial paper issued via Scaldis was USD 1.58 billion (EUR 1.30 billion), and (ii) the proceeds of the commercial paper issuance were used to invest USD 0.80 billion (EUR 0.66 billion) in highly rated eligible securities, USD 0.75 billion (EUR 0.62 billion) in eligible financial assets from clients of BNP Paribas Fortis and USD 25.46 million (EUR 20.94 million) in cash and deposits to the market value of the forward guarantees.

Scaldis eligible asset purchases are structured to justify an A-1/P-1/F1 rating level. Throughout 2014, Scaldis commercial paper was rated in the highest short-term rating category by 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 differentiating 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 (92% of the portfolio is investment grade). BNP Paribas Fortis' credit risk exposures arising from these transactions as of year-end 2014 and the valuation methods applied are described in Note 8.j 'Structured Credit Instruments'.

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

In millions of euros BNP Paribas Fortis role	31 December 2014	31 December 2013
Originator	-	-
Sponsor	1,468	2,914
Investor	4,085	4,221
Total exposure	**5,553**	**7,135**

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) in order 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:

- 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

The market risk management system aims to track and control market risks and also control financial instrument valuation while ensuring that the control functions remain totally independent from the Business Lines.

Within GRM, Risk Investment & Markets (Risk-IM) has responsibility in terms of market risk management defining, monitoring and analysing risk sensitivities and risk factors, and to measuring and monitoring Value at Risk (VaR), which is the overall indicator of potential losses. The Risk-IM team 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 consistent 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 bi-monthly (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 to discuss 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 comes 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. A comprehensive 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 plus 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. However, the results are communicated to the Trading management during Valuation Review Committee meetings, where arbitrations can be made. However, the opinion of the Control functions prevails. Any significant persistent disagreement can nevertheless 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 IFRS standard relating 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 cost of exiting a position or as a premium for risks that cannot be diversified or hedged, as appropriate.

The reserves cover mainly:

- bid-offer and liquidity spreads
- model or market parameter uncertainties
- the elimination of non hedgeable 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 documents 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 using '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 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 2014, 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 setup 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. Hence 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 department 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 (limits, 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-monthly '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, and 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)

Value at Risk (VaR) is a statistical measure indicating the worst loss expected for a given portfolio over a given time period within a given confidence interval under normal market movements. It is not a maximum loss figure and may be exceeded in some cases, for example in the event of abnormal market conditions.

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 uses 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 implied volatilities.

The precise valuation method used varies depending not upon the product but upon the type of risk the Bank is capturing. Generally speaking, the methods used are either sensitivity based or full-revaluation-based on grid interpolation so as 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 evolution of the capital market.

Following agreement with the Belgian and French regulators (NBB and ACPR), the BNP Paribas internal model has been extended since the third quarter of 2011 to BNP Paribas Fortis.

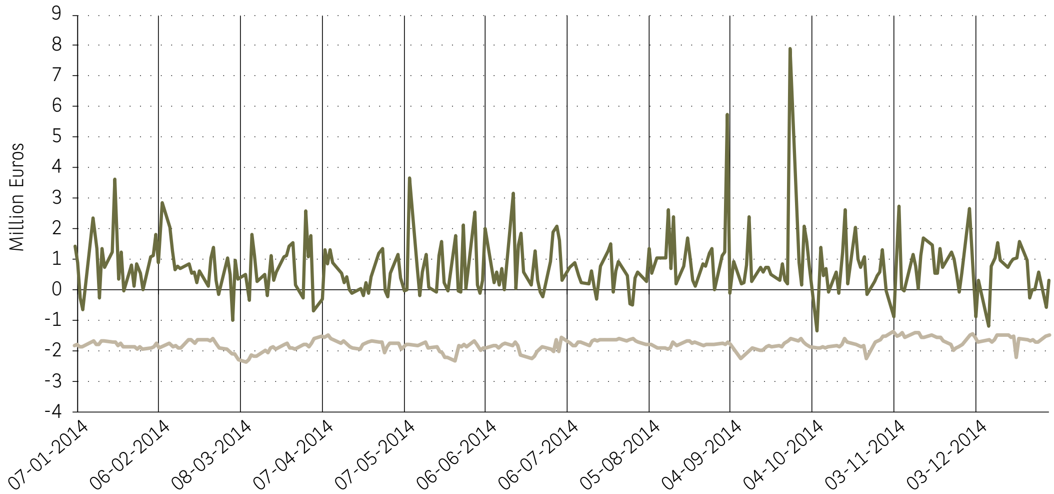
Evolution of the VaR (one day, 99%)

The VaR figures set out below are calculated from an internal model, which uses parameters that comply with the regulation in place. They are based on a one-day time horizon and a 99% confidence interval.

In 2014, total average VaR was EUR 1.8 million (with a minimum of EUR 1.4 million and a maximum of EUR 2.4 million), after taking into account the EUR (0.9) million netting effect between the different types of risks. These amounts break down as follows:

In millions of euros	31 December 2014				31 December 2013	
Type of risk	Average	Minimum	Maximum	End of year	Average	End of year
Interest rate risk	1.7	1.2	2.3	1.3	2.4	2.1
Credit risk	0.5	0.2	0.8	0.6	0.5	0.3
Foreign exchange risk	0.5	0.1	1.2	0.2	0.6	0.5
Equity price risk	0.0	0.0	0.0	0.0	0.0	0.0
Commodity price risk						
Netting effect	(0.9)	(0.1)	(1.9)	(0.7)	(1.0)	(0.7)
Total value at risk	**1.8**	**1.4**	**2.4**	**1.4**	**2.5**	**2.2**

Graph: comparison between (1-day, 99%) VaR and daily P&L revenue



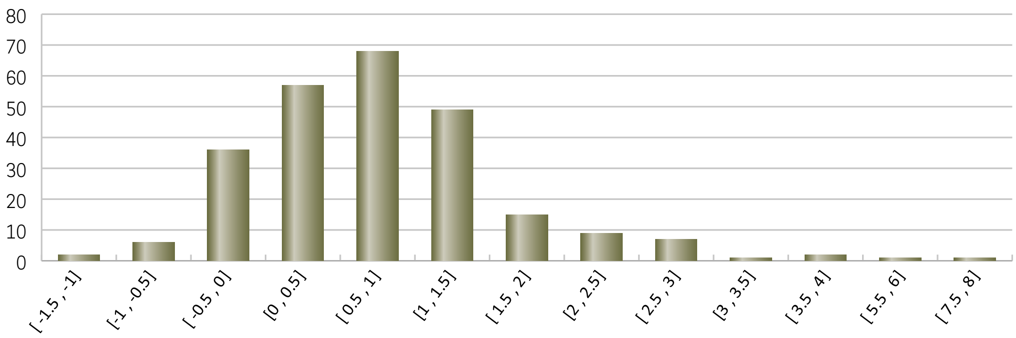
GRM continuously tests the accuracy of the internal model through a variety of techniques, including a regular comparison over a long-term horizon between actual daily P&L on capital market transactions and 1-day VaR. A 99% confidence level means that in theory the Bank should not incur daily losses 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 with to the one-day changes in the portfolio's value. Over 2014, no real P&L back-testing excesses were observed.

Distribution of daily trading revenues

The following histogram presents the distribution of the daily trading revenues of BNP Paribas Fortis. It indicates the numbers of trading days during which the revenue reached each of the levels indicated on the horizontal axis in million euros.

Distribution of the trading P&L over 2014 (EUR mio)



Trading activities generated a positive result for more than 83% of the trading days of 2014.

Evolution of the VaR (ten-day, 99%)

The VaR figures 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.

In 2014, total average VaR for BNP Paribas Fortis was EUR 5.6 million (with a minimum of EUR 4.3 million and a maximum of EUR 7.4 million), after taking into account the EUR (2.8) million netting effect between the different types of risks. These amounts break down as follows:

In millions of euros	31 December 2014				December 2013	
Type of risk	Average	Minimum	Maximum	End of year	Average	End of year
Interest rate risk	5.2	3.7	7.2	4.2	7.5	6.6
Credit risk	1.7	0.6	2.5	1.9	1.6	0.8
Foreign exchange risk	1.5	0.4	3.7	0.8	1.8	1.5
Equity price risk	0.0	0.0	0.0	0.0	0.0	0.0
Commodity price risk						
Netting effect	(2.8)	(0.4)	(6.0)	(2.2)	(3.0)	(2.3)
Total value at risk	**5.6**	**4.3**	**7.4**	**4.7**	**7.9**	**6.6**

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) has been taken as a reference period for the calibration of the Stressed VaR. This choice is subject to quarterly review.

Stressed value at risk (one-day, 99%)

In millions of euros	31 December 2014				31 December 2013	
1 day	Average	Minimum	Maximum	End of year	Average	End of year
STRESSED VALUE AT RISK	4.5	2.9	6.9	2.9	4.7	5.6

Stressed value at risk (ten-day, 99%)

In millions of euros	31 December 2014				31 December 2013	
10 Days	Average	Minimum	Maximum	End of year	Average	End of year
STRESSED VALUE AT RISK	14.1	9.0	21.8	9.3	14.8	17.6

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.

This approach is used to capture the incremental default and migration risks on all non-securitised products.

The model is currently used in the Risk Management processes. It has been approved by both the French and Belgian banking supervisors.

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 ratings-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 2014				31 December 2013	
Type of risk	Average	Minimum	Maximum	End of year	Average	End of year
Total IRC	38.8	26.7	47.9	42.3	27.4	28.1

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 basic 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 movements on BNP Paribas Fortis' trading positions in relation 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 market crash.

  The official macro stress test 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 the 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: Energy crisis scenario driven by geopolitical turmoil 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 such as complex market dislocations or idiosyncratic risk, which may not be easily identified under the global macro scenarios This process facilitates the classification of risk areas into those where there may be lower liquidity and those where the risk may be more structural in nature.

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 composition of the CMRC official Stress Tests.

Stress testing is the core element of tail risk analysis, which is also captured through Stressed Value a Risk, the Incremental Risk Charge and the Comprehensive Risk Measure. Furthermore, the risk of a rare event used in the form of the 'average loss in addition to VaR' (Expected Shortfall) in allocating capital in respect of market risk between Business Lines is an additional element that allows tail risk to be taken into account in the management and monitoring of market risk.

4.e.2 Market risk relating 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 in respect of banking intermediation activities and investments mainly relate to Retail banking activities, the Bank's 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 refers to 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 approved by the banking 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 2014	31 December 2013
Simple risk weight method	**817**	**694**
190% weighted	440	571
290% weighted	94	2
370% weighted	283	121
Standardised approach	**1,776**	**658**
Total	**2,593**	**1,352**

(*) *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 Basel I, Basel II and Basel III.

Except for BNP Paribas Fortis Belgium's currency exposure, which is calculated using the BNP Paribas Fortis internal model approved by the banking 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 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 euros. The decision is taken by the ALCO.

4.e.2.3 Interest rate risk (Pillar 2)

Interest rate risk management framework

ALM Treasury is responsible for the management of the interest rate risk of the Banking Book.

The Banking Book includes all interest-bearing assets and liabilities of BNPP Fortis, subject to accrual or Marked-to-Market treatment, but not categorised as 'market making', or 'client hedging'. In practice, it includes all interest bearing assets and liabilities of all Business Lines of BNPP Fortis (including the ALM Treasury investment portfolio and the CIB financing portfolios) with the exception of Trading activities. 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.

The main decisions regarding the interest rate risk management of the Banking Book are taken at monthly ALCO meetings. These meetings are attended by the management of the Business Line, ALM Treasury, Finance and the Risk department.

The three main sources of interest rate risk are:

- Mismatch risk: due to a mismatching of interest rate maturities between assets and liabilities

- Basis risk: resulting from an imperfect correlation between different reference rates (for example correlation between Interest Rate Swap rates and cash rates (e.g. Euribor, government bond yields)

- Optional risk: certain financial instruments or certain banking products carry embedded options (implicit or explicit) that can be exercised depending on the evolution of interest rates and/or changes in the behaviour of clients.

Measurement of interest rate risk

The interest rate risk on the Banking Book is measured and monitored through two categories of risk indicators: risk indicators based on earnings calculations and risk indicators based on value calculations (market value).

Earnings Indicators

The interest rate gap represents, by time-bucket, the average outstanding assets and liabilities and their corresponding interest income and costs.

Transactions with a fixed rate are taken till final maturity, transactions with a floating rate are taken till first re-pricing date. All optional risks are represented by delta equivalents:

- The most serious optional risk on short-term rates in Retail Bank Belgium is the caps sold to clients in conjonction with mortgage loans, which expose the Bank to a risk in the event of an interest rate rise.

- The most serious optional risk on long-term rates is the behavioural options (prepayment options in mortgages), which expose the Bank to a risk in the event of a fall in interest rates.

Theoretical maturities of equity capital are determined according to internal assumptions.

When in a time-bucket there are:

- more assets than liabilities, then the risk is on the upside of rates as the Bank would lose income if an overnight rate rise makes it more costly to fund the excess assets;

- more liabilities than assets then the risk is on the downside of rates as the business would lose income due to the lower return on reinvestment of excess liabilities.

For 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 dedicated independent Risk teams. The results of these controls are presented regularly to the special committees and once a year to the Board of Directors.

Value Indicators

The Basel Committee on Banking Supervision imposed on banks a requirement to calculate the Economic Value of Equity Sensitivity as part of the June 2004 Basel II Framework. According to the text, 'in order to facilitate supervisors' monitoring of interest rate risk exposures across institutions, banks would have to provide the results of their internal measurement systems, expressed in terms of economic value in relation to capital, using a standardised interest rate shock (economic value of equity)'. The sensitivity of the economic value of equity is calculated for a parallel interest rate shock of +/-200bp. This sensitivity is then compared to the sum of banks' Tier 1 and Tier 2 capital.

Duration is a value sensitivity indicator that measures the first-order (linear) sensitivity of a position or a portfolio to an interest rate variation (parallel shifts in the yield curve). The higher the duration of a position, the higher its change in value when the yield curve changes. The duration of equity is calibrated in such a way that it measures the duration of the investment of the equity on condition that all Banking Book positions (including equity) are fully matched (i.e. immunised against interest rate risk).

Risk limits

The overall interest rate risk for the Banking Book is subject to a primary limit on the interest rate gap calibrated on a risk-free zone, defined for the structural interest rate risk. Structural interest rate risk is the interest risk generated by non-remunerated deposits (e.g. current accounts where customer interest rate nearly = 0%) and the equity capital. Structural interest risk is not a risk of 'loss' but an 'opportunity' risk as the Bank always generates a positive Net Interest Income from the investing the non-remunerated deposits and the equity capital. A change in interest rates may lead to lower earnings but never to negative earnings. The risk free zone is composed of a maximum interest gap that is defined for the investment of non-remunerated deposits and for the equity capital.

This limit is supplemented by an alert signal based on the sensitivity of the Net Banking Income to interest rates, in order to control uncertainty as to future fluctuations in revenues caused by changes in interest rates.

In compliance with the regulatory requirements a limit on the sensitivity of the economic value of equity for a parallel shock of 200bp. has also been set.

Sensitivity of earnings and value

The sensitivity of earnings to a change in interest rates is one of the key indicators used by the Bank in its analysis of overall interest-rate risk. The sensitivity of revenues is calculated across the entire Banking Book including the customer banking intermediation businesses, equity and for all currencies. It relies on reasonable activity assumptions over the same horizon as the indicator.

Earnings sensitivity is limited : an instantaneous upwards parallel shock of 100 bp over a one-year horizon would have led to an increase increase of 1.4% in Net Banking Income at 31 December 2014, compared to a decrease of 0.6% to 31 December 2013.

Since the financial transactions in the Banking Book are not intended to be sold, they are not managed on the basis of their fair value. As a consequence the sensitivity of the economic value of equity is only a reporting indicator, calculated in line with the regulatory requirements.

The sensitivity of the economic value of equity for an instantaneous parallel shock of 200 bp is 14% of Equity at 31 December 2014, the same level as at 31 December 2013.

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 drawn up and implemented for each portfolio and currency.

Due to the different pace of production of liabilities versus assets, the structural interest rate hedges put in place by the Bank in 2014 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, which is mainly due to long-term assets and liabilities. Options are used to reduce 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 ALM Treasury in relation to 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.

Net foreign currency assets of branches and consolidated subsidiaries are generally funded by a combination of deposits in the same currency or currency swaps to remove structural currency risks on the balance sheet and avoid impacts on the profit and loss account. These instruments are designated as Net Investment Hedges.

Similarly, the Banking Book in foreign currencies is funded in the same currency through deposits and/or cross currency swaps. In the latter case, the hedging relationship can be either a fair value hedge or a cash flow hedge. No hedging relationship was disqualified from Hedge Accounting in 2014.

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 2014.

For each hedging relationship, expected hedge effectiveness is measured both 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 2014, 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

In line with the BNP Paribas Group framework, BNP Paribas Fortis has implemented an all-embracing, single, operational Risk Management framework for the entire Bank, which complies with the Basel III 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.

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) department, 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 non-compliance risks. Operational risks and non-compliance risks 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 non-compliance risks.
- 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 follow-up on 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 the 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 different kinds of operational risks:

- 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 examined 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.

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 including Exceptional Transactions Committees and New Activities Committees whose task is to decide on exceptional transactions and new activities.

4.g Compliance and reputational risk

Compliance mission

The overall mission of the Compliance department 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.

The Compliance department, as a second line of defence, has a dual role:

The first role consists of supervising the effective management of compliance risk. This involves policy-setting, providing advice, performing controls, providing assurance that the Bank is complying with rules and regulations and raising the awareness of colleagues of the need to follow key compliance principles:

- Financial security: anti-money laundering, combating corruption and the financing of terrorism, financial sanctions and disclosure to financial intelligence units

- Customer protection: includes ensuring the appropriateness of products and services offered to clients and identifying/ eliminating any conflicts of interest

- Employee integrity: covers codes of conduct, gifts policy, conflicts of interest and a personal transactions policy

- Market integrity: market abuse, conflicts of interest

- Outsourcing and Data Protection.

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 permanent control framework.

Compliance organisational setup

As required by Belgian regulations, the Compliance function is an independent control function reporting to the Chief Executive Officer. In 2014, Compliance had direct, independent access to the Board's Audit, Risk and Compliance Committee and is a permanent invitee to the Committee. As of 1 January 2015, with the creation of the new Risk Committee and the new Audit Committee, Compliance has direct, independent access to the Board's Risk Committee and Audit Committee, and is a permanent invitee to both Committees. 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 BNP Paribas Group Chief Compliance Officer, ensuring local application of the Group Compliance policies.

Basic principles

The 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 staff exercise their mission in a context which guarantees their independence of thought and action.
- Primacy of Group policies over local policies as far as is consistent with national 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. BNP Paribas Fortis liquidity policy 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's 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 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 also has ownership 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 the process of drawing up BNP Paribas Fortis' liquidity policy principles. GRM also provides second-line control by approving 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 required 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. For reasons of funding diversification, the Bank operates 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 remains solid, with customer deposits standing at EUR 167 billion compared with customer loans totalling EUR 161 billion at end-2014. Customer deposits consist of 'due to customers' excluding repurchase agreements; while customer loans are 'loans and receivables due from customers' excluding securities classified as loans and receivables and reverse repurchase agreements.

Senior debt

In 2014, BNP Paribas Fortis Retail customers bought a total of EUR 0.96 billion worth of senior debt issued in various currencies.

5 Notes to the balance sheet at 31 December 2014

5.a Financial assets, financial liabilities and derivatives at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss consist of held-for-trading transactions - including derivatives - and certain assets and liabilities designated by BNP Paribas Fortis as at fair value through profit or loss at the time of acquisition or issuance.

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 2014		Restated 31 December 2013	
In millions of euros	**Trading Book**	**Instruments designated as at fair value through profit or loss**	**Trading Book**	**Instruments designated as at fair value through profit or loss**
Securities portfolio	2,145	529	3,145	663
Loans and repurchase agreements	5,777	1,509	5,804	1,700
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**7,922**	**2,038**	**8,949**	**2,363**
Securities portfolio	2,382		1,832	
Borrowings and repurchase agreements	10,967	351	9,538	401
Debt securities (Note 5.h)		4,415		4,160
Subordinated debt (Note 5.h)		1,484		1,485
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**13,349**	**6,250**	**11,370**	**6,046**

Loans measured at fair value through profit or loss

BNP Paribas Fortis has designated some financial assets of Corporate and Public Bank 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 2014 was EUR 1,161 million (2013: EUR 1,427 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 278 million (2013 : EUR 345 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 74 million (2013 : EUR 62 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 4,237 million as at 31 December 2014 (2013 : EUR 4,006 million).

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 91 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 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. They constitute direct 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 which would otherwise affect BNP Paribas Fortis' profit and loss account.

In 2009, certain conditions of the 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 the end of December 2014, 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 and 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 2014, 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 2014, the liability component of the CASHES was valued at EUR 782 million, the Ageas SA/NV shares at EUR 137 million for a remaining number of 4,643,904 shares and the RPN at EUR 404 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 1,794 million at year-end (31 December 2013 : EUR 1,816 million).

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 (28) 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.

In millions of euros	31 December 2014		Restated 31 December 2013	
	Positive market value	Negative market value	Positive market value	Negative market value
Interest rate derivatives	7,736	5,921	5,860	3,929
Foreign exchange derivatives	1,415	1,429	762	732
Credit derivatives	30	26	24	14
Equity derivatives	546	72	443	73
Other derivatives	1		1	-
Derivative financial instruments	**9,728**	**7,448**	**7,090**	**4,748**

During 2014, 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 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 2014	Restated 31 December 2013
Interest rate derivatives	**582,633**	**1,207,616**
Transactions on organised markets (of which clearing houses)	245,226	269,754
Over-the-counter transactions	337,407	937,862
Foreign exchange derivatives	**74,808**	**65,003**
Transactions on organised markets (of which clearing houses)	-	-
Over-the-counter transactions	74,808	65,003
Equity derivatives	**1,869**	**2,140**
Transactions on organised markets (of which clearing houses)	62	72
Over-the-counter transactions	1,807	2,068
Credit derivatives	**1,485**	**1,471**
Transactions on organised markets (of which clearing houses)		-
Over-the-counter transactions	1,485	1,471
Other derivatives	**9**	**110**
Transactions on organised markets (of which clearing houses)	-	-
Over-the-counter transactions	9	110
Derivative financial instruments	**660,804**	**1,276,340**

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 the Bank 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 value of derivatives used for hedging purposes.

In millions of euros	31 December 2014		Restated 31 December 2013	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Fair value hedges	**1,592**	**3,973**	**832**	**2,000**
Interest rate derivatives	1,592	3,973	832	2,000
Foreign exchange derivatives	-	-	-	-
Other derivatives	-	-	-	-
Cash flow hedges	**356**	**407**	**399**	**78**
Interest rate derivatives	352	398	394	68
Foreign exchange derivatives	4	9	5	10
Other derivatives	-	-	-	-
Net foreign investment hedges	**-**	**-**	**-**	**-**
Foreign exchange derivatives	-	-	-	-
Derivatives used for hedging purposes	**1,948**	**4,380**	**1,231**	**2,078**

The total notional amount of derivatives used for hedging purposes stood at EUR 112,287 million at year-end 2014 compared to EUR 84,611 million at 31 December 2013; the increase is related to the fact that in 2014 BNP Paribas Fortis had more portfolio fair value hedges relating to saving accounts and loans.

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.

In millions of euros	31 December 2014	
	Assets	Liabilities
Less than 1 year	2,818	60
1 to 3 years	3,879	521
3 to 5 years	1,129	
More than 5 years	879	

5.c Available-for-sale financial assets

In millions of euros	31 December 2014			Restated 31 December 2013		
	Net	of which provisions for impairments recognised in the profit and loss account	of which changes in value recognised directly in equity	Net	of which provisions for impairments recognised in the profit and loss account	of which changes in value recognised directly in equity
Fixed-income securities	**32,067**	**(28)**	**723**	**27,926**	**(28)**	**322**
Treasury bills and Government bonds	23,793		467	22,542		344
Other fixed-income securities	8,274	(28)	256	5,384	(28)	(22)
Variable-income securities	**596**	**(493)**	**150**	**571**	**(454)**	**127**
Listed securities	33		12	35	(13)	10
Unlisted securities	563	(493)	138	536	(441)	117
Total available-for-sale financial assets	**32,663**	**(521)**	**873**	**28,497**	**(482)**	**449**

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 reverse amortised over the remaining life of the hedged item and is also reported in the balance sheet 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, inflation 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 2014			Restated 31 December 2013		
In millions of euros	Fixed-income securities	Equities and other variable-income securities	Total	Fixed-income securities	Equities and other variable-income securities	Total
Changes in value of non-hedged securities recognised in 'Available-for-sale financial assets'	**723**	**150**	**873**	**322**	**127**	**449**
Deferred tax linked to these changes in value	(100)	(5)	(105)	54	(5)	49
BNP Paribas Fortis' share of changes in value of available-for-sale securities owned by associates, after deferred tax and insurance policyholders' surplus reserve	801	86	887	460	83	543
Unamortised changes in value of available-for-sale securities reclassified as loans and receivables	(398)		(398)	(501)		(501)
Other variations	-	1	1			
Changes in value of assets taken directly to equity under the heading 'Financial assets available for sale and reclassified as loans and receivables'	**1,026**	**232**	**1,258**	**335**	**205**	**540**
Attributable to equity shareholders	928	224	1,152	307	195	502
Attributable to minority interests	98	8	106	28	10	38

5.d Measurement of the fair value of financial instruments

Valuation process

BNP Paribas Fortis follows the basic principle that it should have a unique and integrated processing chain for producing and controlling the valuations of financial instruments that are used for the purpose of daily risk management and financial reporting. All these processes are based on a common economic valuation which is a core component of its 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 might be incurred in the event of an exit transaction in the principal market. When valuation techniques are used for the purpose of deriving fair value, funding assumptions related to the future expected cash flows are an integral part of the mid-market valuation, notably through the use of appropriate discount rates. These assumptions reflect what the Bank anticipates as being the effective funding conditions of the instrument that a market participant would consider. This notably takes into account the existence and terms of any collateral agreement. In particular, for non- or imperfectly collateralised derivative instruments, they include an explicit adjustment to the interbank interest rate (Funding Valuation Adjustment – FVA).

Fair value generally equals the economic value, subject to limited additional adjustments, such as own credit adjustments, which are specifically required by IFRS standards.

The main additional valuation adjustments are presented in the section below.

Additional valuation adjustments

Additional valuation adjustments used by BNP Paribas Fortis for determining fair values are as follows:

Bid/offer adjustments: the bid/offer range reflects the additional exit cost for a price taker and symmetrically the compensation sought by dealers for bearing 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, 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 is intended to account for the possibility that the counterparty may default and that BNP Paribas Fortis may then 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 in 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 based on the same exposures as those used for regulatory purposes. The model attempts to estimate the cost of an optimal risk management strategy based on i) implicit incentives and constraints inherent in the regulations in force and their 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 as at fair value through profit and loss and derivatives. Both adjustments are based on the expected future liability profiles of such instruments. The Bank'own creditworthiness is inferred from the market-based observation of the relevant bond issuance levels.

Thus, the carrying value of debt securities and subordinated debt designated as at fair value though profit or loss had increased by EUR 63 million as at 31 December 2014, compared with an increase in value of EUR 20 million as at 31 December 2013, i.e. a EUR (43) million variation recognised in net loss on financial instruments at fair value through profit or loss (Note 2.c).

Instrument classes and classification within the fair value hierarchy for assets and liabilities measured at fair value

As explained in the summary of significant accounting policies (Note 1.d.10), 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 factor, namely interest rate, foreign exchange, credit and equity risks. Derivatives used for hedging purposes are mainly interest rate derivatives.

In millions of euros	31 December 2014											
	Trading Book				Instruments designated as at fair value through profit or loss				Available-for-sale financial assets			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Securities portfolio	**2,035**	**110**	**-**	**2,145**	**137**	**87**	**305**	**529**	**24,389**	**7,713**	**561**	**32,663**
Treasury bills and government bonds	799	3		802				-	20,056	3,737		23,793
Asset Backed Securities	-	-	-	-	-	-	-	-	-	-	-	-
CDOs / CLOs				-				-				-
Other Asset Backed Securities				-				-				-
Other fixed-income securities	1,126	107	-	1,233	-	-	-	-	4,300	3,974	-	8,274
Equities and other variable-income securities	110	-	-	110	137	87	305	529	33	2	561	596
Loans and repurchase agreements	**-**	**5,572**	**205**	**5,777**	**-**	**1,509**	**-**	**1,509**				
Loans		4		4		1,509		1,509				
Repurchase agreements		5,568	205	5,773				-				
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**2,035**	**5,682**	**205**	**7,922**	**137**	**1,596**	**305**	**2,038**	**24,389**	**7,713**	**561**	**32,663**
Securities portfolio	**2,377**	**5**	**-**	**2,382**	**-**	**-**	**-**	**-**				
Treasury bills and government bonds	2,362			2,362				-				
Other fixed-income securities	15	4		19				-				
Equities and other variable-income securities		1		1				-				
Borrowings and repurchase agreements	**-**	**10,411**	**556**	**10,967**	**-**	**351**	**-**	**351**				
Borrowings				-		351		351				
Repurchase agreements		10,411	556	10,967				-				
Debt securities (Note 5.h)	**-**	**-**	**-**	**-**	**-**	**3,551**	**864**	**4,415**				
Subordinated debt (Note 5.h)	**-**	**-**	**-**	**-**	**-**	**1,474**	**10**	**1,484**				
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**2,377**	**10,416**	**556**	**13,349**	**-**	**5,376**	**874**	**6,250**				

In millions of euros	Restated 31 December 2013											
	Trading Book				Instruments designated as at fair value through profit or loss				Available-for-sale financial assets			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Securities portfolio	**1,884**	**1,259**	**2**	**3,145**	**145**	**82**	**436**	**663**	**21,000**	**6,964**	**533**	**28,497**
Treasury bills and government bonds	1,699	175		1,874				-	18,824	3,718		22,542
Asset Backed Securities	-	24	-	24	-	-	-	-	-	-	-	-
CDOs / CLOs		*1*		*1*				-				-
Other Asset Backed Securities		*23*		*23*				-				-
Other fixed-income securities	29	1,060	2	1,091		3		3	2,141	3,243		5,384
Equities and other variable-income securities	156			156	145	79	436	660	35	3	533	571
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	**1,884**	**6,416**	**649**	**8,949**	**145**	**1,782**	**436**	**2,363**	**21,000**	**6,964**	**533**	**28,497**
Securities portfolio	**1,792**	**40**	**-**	**1,832**	**-**	**-**	**-**	**-**				
Treasury bills and government bonds				-				-				
Other fixed-income securities	1,792	14		1,806				-				
Equities and other variable-income securities		26		26				-				
Borrowings and repurchase agreements	**-**	**9,288**	**250**	**9,538**	**-**	**401**	**-**	**401**				
Borrowings				-		401		401				
Repurchase agreements		9,288	250	9,538				-				
Debt securities (Note 5.h)	**-**	**-**	**-**	**-**	**-**	**3,974**	**186**	**4,160**				
Subordinated debt (Note 5.h)	**-**	**-**	**-**	**-**	**-**	**1,475**	**10**	**1,485**				
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**1,792**	**9,328**	**250**	**11,370**	**-**	**5,850**	**196**	**6,046**				

In millions of euros	31 December 2014							
	Positive market value				Negative market value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate derivatives		7,716	20	7,736		5,906	15	5,921
Foreign exchange derivatives		1,415		1,415		1,429		1,429
Credit derivatives		30		30		20	6	26
Equity derivatives		546		546		72		72
Other derivatives		1		1				-
Derivative financial instruments not used for hedging purposes	**-**	**9,708**	**20**	**9,728**	**-**	**7,427**	**21**	**7,448**
Derivative financial instruments used for hedging purposes	**-**	**1,948**		**1,948**	**-**	**4,380**	**-**	**4,380**

In millions of euros	Restated 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	5,860		3,796	133	3,929
Foreign exchange derivatives		762		762		732		732
Credit derivatives		23	1	24		9	5	14
Equity derivatives		443		443		73		73
Other derivatives		1		1				-
Derivative financial instruments not used for hedging purposes	**-**	**6,917**	**173**	**7,090**	**-**	**4,610**	**138**	**4,748**
Derivative financial instruments used for hedging purposes	**-**	**1,231**		**1,231**	**-**	**2,078**	**-**	**2,078**

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 2014, transfers between Level 1 and Level 2 were not significant.

Description of main instruments in each level

The following section provides a description of the instruments 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 mainly 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 appropriate.

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 by 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.

Determining 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 the 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.

Debts issued designated as at fair value through profit and loss, are classified in the same level as the one that would apply to the embedded derivative taken individually. The issuance spread is considered observable.

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 in 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		Main product types composing the Level 3 stock within the risk class	Valuation technique used for the product types considered in question	Main unobservable inputs for the product types considered in question	Range of unobservable input across Level 3 population considered in question	Weighted average
	Asset	Liability					
Repurchase agreements	205	556	Long-term repo and reverse-repo agreements	Proxy techniques, based inter alia on the funding basis of a benchmark bond pool, that is actively traded and representative of the repo underlying	Long-term repo spread on private bonds (High Yield, High Grade) and on ABSs	0 bp-90 bp	56 bp (a)
Interest rate derivatives	20	15	Floors and caps on inflation rate or on the cumulative inflation (such as redemption floors), predominantly on European and French inflation	Inflation pricing model	Volatility of cumulative inflation	0.8% - 10%	(b)
					Volatility of the year on year inflation rate	0.4 % - 1.8 %	
			Forward volatility products such as volatility swaps, mainly in euro	Interest rates option pricing model	Forward volatility of interest rates	0.3 % - 0.7%	(b)
Credit Derivatives	-	6	Single name Credit Default Swaps (other than CDS on ABSs and loans indices)	Stripping, extrapolation and interpolation	Credit default spreads beyond observation limit (10 years)	40 bp to 128 bp	104 bp (c)
					Illiquid credit default spread curves (across main tenors)	12 bp to 896 bp	193 bp (c)

(a) *Weights based on relevant risk axis at portfolio level*

(b) *No weighting since no explicit sensitivity is attributed to these inputs*

(c) *Weighting is not based on risks, but on alternative methodology in relation with the Level 3 instruments (PV or notional)*

Table of movements in Level 3 financial instruments

For Level 3 financial instruments, the following movements occurred between 1 January 2013 and 31 December 2014:

In millions of euros	Financial Assets				Financial Liabilities		
	Financial instruments at fair value through profit or loss held for trading	Financial instruments designated as at fair value through profit or loss	Available-for-sale financial assets	TOTAL	Financial instruments at fair value through profit or loss held for trading	Financial instruments designated as at fair value through profit or loss	TOTAL
At 31 December 2012 [(1)]	**405**	**474**	**1,004**	**1,883**	**240**	**18**	**258**
Purchases	527		16	543			-
Issues				-	79	29	108
Sales		58	(452)	(394)			-
Settlements			44	44		(15)	(15)
Transfers to level 3	123		5	128	180	162	342
Transfers from level 3				-			-
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)
- Exchange rate movements			*(2)*	*(2)*			-
- Changes in assets and liabilities recognised in equity			*(22)*	*(22)*			-
At 31 December 2013 [(1)]	**822**	**436**	**533**	**1,791**	**388**	**196**	**584**
Purchases			49	49			-
Issues				-		344	344
Sales		(54)	(7)	(61)			-
Settlements	(10)		12	2	408	(32)	376
Transfers to level 3				-		480	480
Transfers from level 3	(678)			(678)	(184)	(112)	(296)
Gains or (losses) recognised in income for matured or disrupted operations in the period	91		(44)	47		(2)	(2)
Gains or (losses) recognised in income for instruments outstanding at the end of the period		(77)		(77)	(35)		(35)
- Exchange rate movements			*1*	*1*			-
- Changes in assets and liabilities recognised in equity			*17*	*17*			-
At 31 December 2014	**225**	**305**	**561**	**1,091**	**577**	**874**	**1,451**

[(1)] *Figures restated according to IFRS 11 (cf. See Notes 8.o and 1.a)*

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 possible 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 which 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 revalued 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 relating to Level 3.

Two scenarios were examined: a favourable scenario where all or a portion of the additional valuation adjustment is not taken into account by market participants and an unfavourable scenario where market participants would require as much as twice the additional valuation adjustments identified by BNP Paribas Fortis as an inducement to enter into a transaction.

	31 December 2014		Restated 31 December 2013	
In millions of euros	**Potential impact on income**	**Potential impact on equity**	**Potential impact on income**	**Potential impact on equity**
Treasury bills and government bonds				
Asset Backed Securities				
CDOs / CLOs				
Other Asset Backed Securities				
Other fixed-income securities				
Equities and other variable-income securities	+/-3	+/-5	+/-4	+/-5
Loans				
Repurchase agreements	+/-4		+/-4	
Derivative financial instruments	+/-134		+/-134	
Interest rate derivatives	*+/-134*		*+/-128*	
Credit derivatives	*+/-0*		*+/-6*	
Equity derivatives				
Other derivatives				
Sensitivity of Level 3 financial instruments	**+/-140**	**+/-5**	**+/-142**	**+/-5**

Deferred margin on financial instruments measured using techniques developed internally and based on inputs partly unobservable 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 additional valuation adjustments for uncertainties as described previously and released to profit and loss over the expected period for which the inputs will be unobservable.

The unamortised amount is included under 'Financial instruments 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 structured credit instruments (see Note 8.j 'Structured Credit Instruments') and on the other hand to part of the sovereign bond portfolio relating to Ireland and Portugal (see Note 8.k 'Exposure to sovereign risk').

5.f Interbank and money-market items

Loans and receivables due from credit institutions

In millions of euros	31 December 2014	Restated 31 December 2013
On demand accounts	2,255	2,618
Loans	11,856	16,976
Repurchase agreements	229	34
Total loans and receivables due from credit institutions, before impairment	**14,340**	**19,628**
of which doubtful loans	*202*	*276*
Impairment of loans and receivables due from credit institutions (Note 2.f)	**(133)**	**(185)**
specific impairment	(120)	(171)
collective provisions	(13)	(14)
Total loans and receivables due from credit institutions, net of impairment	**14,207**	**19,443**

Repurchase agreement activities are partly managed on a trading basis and are included in the 'Trading Book' column 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 amounted at end 2014 to EUR 10,043 million (2013: EUR 9,287 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 foreign currency 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 exchange rate.

As required by the 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'.

Further information on the evolution of 'Loans and receivables due from credit institutions' can be found in the 'Report of the Board of Directors-Comments on the evolution of the balance sheet'.

Due to credit institutions

In millions of euros	31 December 2014	Restated 31 December 2013
On demand accounts	1,156	1,983
Borrowings	12,553	15,226
Repurchase agreements	1,763	695
Total due to credit institutions	**15,472**	**17,904**

Repurchase agreement activities are partly managed on a trading basis and are included in the Trading Book' column 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.

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'. 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 2014	Restated 31 December 2013
On demand accounts	10,682	3,366
Loans to customers	147,892	148,514
Repurchase agreements	30	58
Finance leases	11,316	11,283
Total loans and receivables due from customers, before impairment	**169,920**	**163,221**
of which doubtful loans	*5,916*	*7,399*
Impairment of loans and receivables due from customers (Note 2.f)	**(3,069)**	**(3,670)**
specific impairment	(2,491)	(2,986)
collective provisions	(578)	(684)
Total loans and receivables due from customers, net of impairment	**166,851**	**159,551**

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 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.

Under the heading 'Re-measurement adjustment on interest-rate risk hedged portfolios' of the balance sheet (EUR 1,445 million in 2014, EUR 627 million in 2013) we report the changes in the fair value of mainly mortgages and commercial loans which are attributable to the hedged interest rate risk in order to adjust the carrying amount of the loan.In addition the difference between the fair value and the carrying value of the hedged mortgages and commercial loans at designation of the hedging is reverse amortised over the remaining life of the hedged item under this heading.

Through cash flow hedges, 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.

BNP Paribas Fortis has acquired the Specialised Finance activities of 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.

Further information on the evolution of 'Customer items' can be found in the 'Report of the Board of Directors – Comments on the evolution of the balance sheet'.

Breakdown of finance leases

In millions of euros	31 December 2014	Restated 31 December 2013
Gross investment	**13,584**	**12,968**
Receivable within 1 year	*4,414*	*4,153*
Receivable after 1 year but within 5 years	*7,436*	*6,843*
Receivable beyond 5 years	*1,734*	*1,972*
Unearned interest income	**(2,268)**	**(1,685)**
Net investment before impairment	**11,316**	**11,283**
Receivable within 1 year	*3,696*	*3,643*
Receivable after 1 year but within 5 years	*6,193*	*6,011*
Receivable beyond 5 years	*1,427*	*1,629*
Impairment provisions	**(369)**	**(430)**
Net investment after impairment	**10,947**	**10,853**

Due to customers

In millions of euros	31 December 2014	Restated 31 December 2013
On demand deposits	72,909	58,655
Term accounts and short-term Notes	31,921	36,861
Regulated savings accounts	62,017	61,242
Repurchase agreements	953	30
Total due to customers	**167,800**	**156,788**

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 to on demand deposits and savings accounts collected in the Belgian market from 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.

Under the heading 'Re-measurement adjustment on interest-rate risk hedged portfolios' on the balance sheet (EUR 1,250 million in 2014, EUR 256 million in 2013) we report the changes in the fair value of mainly current and savings accounts which are attributable to the hedged interest rate risk in order to adjust the carrying amount of the loan.

As required by the hedge accounting principles, valuations of 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 and loss'.

Debt securities measured at amortised cost:

In millions of euros	31 December 2014	Restated 31 December 2013
Negotiable certificates of deposit and other debt securities	11,712	15,421
Bond issues	351	241
Total debt securities	**12,063**	**15,662**

Debt securities and subordinated debt at fair value through profit and loss

In millions of euros	31 December 2014	Amount accepted Tier 1	Amount accepted Tier 2	Restated 31 December 2013
Debt securities	4,415	-	-	4,159
Subordinated debt	1,484	241	363	1,485

Subordinated debt measured at amortised cost

In millions of euros	31 December 2014	Amount accepted Tier 1	Amount accepted Tier 2	Restated 31 December 2013
Redeemable subordinated debt	4,203	-	2,288	5,148
Undated subordinated debt	130	-	127	1,134
Total subordinated debt at amortised cost	**4,333**	**-**	**-**	**6,282**

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, but 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.

BNP Paribas Fortis called these securities at its first call date on 27 October 2014.

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 'Re-measurement 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 'Re-measurement adjustment on interest rate risk hedged portfolios'.

5.i Held-to-maturity financial assets

In millions of euros	31 December 2014	Restated 31 December 2013
Treasury bills and government bonds	336	322
Other fixed-income securities	805	945
Total held-to-maturity financial assets	**1,141**	**1,267**

5.j Current and deferred taxes

In millions of euros	31 December 2014	Restated 31 December 2013
Current taxes	127	175
Deferred taxes	3,034	3,574
Current and deferred tax assets	**3,161**	**3,749**
Current taxes	119	217
Deferred taxes	556	477
Current and deferred tax liabilities	**675**	**694**

Changes in deferred tax over the period:

In millions of euros	Year to 31 Dec. 2014	Restated Year to 31 Dec. 2013
Net deferred taxes at start of period	**3,097**	**3,040**
Net losses arising from deferred taxes (Note 2.g)	(408)	(202)
Changes in deferred taxes linked to changes in value and reversal through profit or loss of changes in value of available-for-sale financial assets, including those reclassified as loans and receivables	(586)	105
Changes in deferred taxes linked to changes in value and reversal through profit or loss of changes in value of hedging derivatives	(45)	30
Changes in deferred taxes linked to items recognised directly in equity that will not be reclassified to profit and loss	38	(40)
Effect of exchange rate and other movements	382	164
Net deferred taxes at end of period	**2,478**	**3,097**

The EUR 382 million in the line 'Effect of exchange rate and other movements' is mainly related to the changes in deferred taxes linked to the Re-measurement, reversal of Re-measurement on 'Available for sale' financial assets, hedging derivatives plus the actuarial gains and losses for retirement benefits (recognised as non-recyclable OCIs) in those entities that are consolidated using the equity method.

Breakdown of deferred taxes by origin:

In millions of euros	31 December 2014	Restated 31 December 2013
Available-for-sale financial assets	(839)	(338)
Hedging derivatives	844	471
Unrealised finance lease reserve	(232)	(232)
Provisions for employee benefit obligations	225	185
Provisions for credit risk	496	654
Other items	(11)	32
Tax loss carryforwards	1,995	2,325
Net deferred taxes	**2,478**	**3,097**
Deferred tax assets	3,034	3,574
Deferred tax liabilities	(556)	(477)

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 1,311 million at 31 December 2014 compared with EUR 1,142 million as at 31 December 2013.

The net deferred tax assets as at 31 December 2014, 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 2014	Statutory limits on carryforwards	Expected recovery period
BNP Paribas Fortis (excluding branches)	2,454	unlimited	7 years
Esmée	88	na	na
Bass	83	na	na
US Branch	63	20 years	15 years
Madrid Branch	77	18 years	na
Other	269	-	-
Total net deferred tax assets	**3,034**		

In millions of euros	Restated 31 December 2013	Statutory limits on carryforwards	Expected recovery period
BNP Paribas Fortis (excluding branches)	2,796	unlimited	8 years
Esmée	151	na	na
Bass	168	na	na
US Branch	63	20 years	14 years
Madrid Branch	78	-	-
Other	318	-	-
Total net deferred tax assets	**3,574**		

Net deferred tax assets booked by BNP Paribas Fortis Belgium amount to EUR 2,469 million, consisting of EUR 1,926 million relating to tax losses carried forward, EUR 29 million relating to temporary differences due to changes in fair value recorded in equity (relating mainly to the portfolio of hedging instruments designated as cash flow hedges, the Available for sale financial assets portfolio and the Re-measurement gains (losses) on post-employment benefits plans) and EUR 513 million relating to other temporary differences (linked to credit impairments, provisions for risks, capitalised software, goodwill and changes in fair value recorded in profit and loss).

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 2014	Restated 31 December 2013
Guarantee deposits and bank guarantees paid	5,261	1,947
Settlement accounts related to securities transactions	470	429
Collection accounts	33	35
Accrued income and prepaid expenses	249	278
Other debtors and miscellaneous assets	5,572	4,542
Total accrued income and other assets	**11,585**	**7,231**
Guarantee deposits received	1,788	1,403
Settlement accounts related to securities transactions	450	351
Collection accounts	61	44
Accrued expense and deferred income	1,072	921
Other creditors and miscellaneous liabilities	4,070	3,966
Total accrued expense and other liabilities	**7,441**	**6,685**

'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 increase of EUR 3.3 million as at 31 December 2014 (EUR 5,261 million) compared to 2013 (EUR 1,947 million) in the line 'Guarantee deposits and bank guarantee paid' is mainly due to higher cash collateral (EUR 3.0 billion) on the margin calls relating to derivative transactions with BNP Paribas Group as a result of "the one window to the market' project. Under this innitiave, the derivatives deals were early terminated and replaced by new deals with the same interest rate risk sensitivity, but other expected future cash flows and lower fair value (compression). As at 31 December 2014, more derivatives were compressed on the assets side than on the liabilities side, resulting in higher cash collateral.

The line 'Other debtors and miscellaneous assets' includes mainly the fair value of reimbursement rights related to the employee benefits. More information can be found in Note 7.b 'Employee benefit obligations'.

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 principal associates and joint ventures of BNP Paribas Fortis are listed in the following table:

In millions of euros Name	Country of registration	Activity	Interest %	31 December 2014	Restated 31 December 2013
Joint ventures					
Bpost bank	Belgium	Retail banking	50%	405	328
Associates					
AG Insurance	Belgium	Multichannel insurer	25%	1,773	1,462
BNPP - Investment Partners	France	Asset Management	30.85%	1,171	1,130

The following table presents the cumulative financial information related to the associates and joint ventures:

	Year to 31 Dec. 2014			31 December 2014	Year to 31 Dec. 2013			31 December 2013
In millions of euros	Share of earnings	Share of changes in assets and liabilities recognised directly in equity	Share of earnings and of changes in assets and liabilities recognised directly in equity	Investments in associates and joint ventures	Share of earnings	Share of changes in assets and liabilities recognised directly in equity	Share of earnings and of changes in assets and liabilities recognised directly in equity	Investments in equity method associates
Joint ventures	(38)	78	40	485	134	39	173	451
Associates [1]	189	268	457	3,463	(256)	(86)	(342)	2,980
Total equity method associates	**151**	**346**	**497**	**3,948**	**(122)**	**(47)**	**(169)**	**3,431**

[1] *Including controlled but non material entities consolidated under the equity method*

Financing and guarantee commitments given by BNP Paribas Fortis to joint ventures and associates are listed in the Note 8.e ' Related parties '.

The tables below show financial information on AG Insurance, a significant associate of BNP Paribas Fortis:

	Accounting standard	Nature of relationship	Country	Interest %	Voting %
AG Insurance	IFRS	Strategic Investment	Belgium	25%	25%

In millions of euros	Year to 31 Dec. 2014	Year to 31 Dec. 2013
Total net income	433	329
Changes in assets and liabilities recognised directly in equity	937	(253)

In millions of euros	31 December 2014	31 December 2013
Total assets	74 113	67 411
Total liabilities	67 774	62 463
Net assets of the equity associate	**6 339**	**4 948**

Reconciliation of AG Insurance's total net assets to BNP Paribas Fortis' carrying amount in the Consolidated Financial Statements :

In millions of euros	31 December 2014	31 December 2013
Total net assets	6,339	4,948
Minority interest at AG Insurance level	(134)	(131)
Purchase Price Allocations (PPA)	16	158
Adjusted total net assets	**6,221**	**4,975**
BNP Paribas Fortis' interest % in AG Insurance	25%	25%
BNP Paribas Fortis' share in AG Insurance	1,555	1,244
Goodwill	218	218
Carrying amount	**1,773**	**1,462**

BNP Paribas Fortis received dividends of EUR 55.8 million from AG Insurance in 2014 (EUR 156.1 million in 2013).

Impairment testing on investments in equity associates

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 2014, 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 prospects 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.

The plan for the period 2015-2019 anticipates that income will be back to growth in 2016. On the cost side, the overall cost reduction programme initiated by BNP Paribas Group, in particular the specific plan being implemented by BNP Paribas Fortis, 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 2.0%, the level of expected long term inflation.

The test takes into account a cost of capital in line with current market standards. 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 no additional impairments (nor release hereof) were required.

Last year, at 31 December 2013, the impairment testing on the investment in BNPP IP showed that the recoverable amount was below the carrying amount of the investment, which gave rise to an impairment of EUR (446) million. In 2012, the impairment testing on the investment also showed that the recoverable amount was below the carrying amount of the investment, which gave rise to an initial 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 2014
	BNPP IP
Cost of capital	
Adverse change (+10 basis points)	(13)
Positive change (-10 basis points)	13
Cost/income ratio	
Adverse change (+1%)	(27)
Positive change (-1%)	27
Long-term growth rate	
Adverse change (-50 basis points)	(43)
Positive change (+50 basis points)	50

Regarding the investment in AG Insurance, an analysis was performed which did not identify any impairment trigger as of 31 December 2014.

5.m Investment property, property, plant and equipment and intangible assets

	31 December 2014			Restated 31 December 2013		
In millions of euros	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount
Investment property	**279**	**(132)**	**147**	**530**	**(168)**	**362**
Land and buildings	2,268	(1,180)	1,088	2,193	(1,079)	1,114
Equipment, furniture and fixtures	1,162	(891)	271	1,256	(931)	325
Plant and equipment leased as lessor under operating leases	532	(251)	281	617	(296)	321
Other property, plant and equipment	457	(208)	249	383	(200)	183
Property, plant and equipment	**4,419**	**(2,530)**	**1,889**	**4,449**	**(2,506)**	**1,943**
Purchased software	290	(246)	44	307	(256)	51
Internally-developed software	173	(117)	56	142	(107)	35
Other intangible assets	123	(50)	73	88	(32)	56
Intangible assets	**586**	**(413)**	**173**	**537**	**(395)**	**142**

Investment property

The estimated fair value of investment property accounted for at amortised cost at 31 December 2014 is EUR 155 million, compared with EUR 388 million at 31 December 2013.

Operating leases

Operating leases and investment property transactions are in certain cases subject to agreements providing for the following minimum future payments:

In millions of euros	31 December 2014	Restated 31 December 2013
Future minimum lease payments receivable under non-cancellable leases	**417**	**580**
Payments receivable within 1 year	*115*	*154*
Payments receivable after 1 year but within 5 years	*252*	*363*
Payments receivable beyond 5 years	*50*	*63*

Future minimum lease payments receivable under non-cancellable leases are 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 Spanish branch of BNP Paribas to the BNP Paribas Fortis branch in Spain are booked as 'Other intangible assets with indefinite useful lives' (EUR 6 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.

Depreciation, amortisation and impairment

Net depreciation and amortisation expense for the year ending 31 December 2014 was EUR 218 million, compared with EUR 184 million for the year ending 31 December 2013.

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 2014 amounted to EUR 2 million, compared with a reversal on impairment loss of EUR 7 million for the year ending 31 December 2013.

At the end of 2014, the carrying amount of the building Montagne du Parc was derecognised (through an impairment) as this building was no longer in use and will be in principle demolished in 2016 and rebuilt as from 2017 until 2021. The loss arising from derecognition was considered not to be part of the operating income of BNP Paribas Fortis, therefore, the impairment (EUR 27.1 million before tax) was accounted for in the line 'Net gain/loss on non-current assets' in the profit and loss account.

5.n Goodwill

In millions of euros	Year to 31 Dec. 2014	Restated Year to 31 Dec. 2013
Carrying amount at start of period	**319**	**165**
Acquisitions		195
Divestments		
Impairment recognised during the period		
Exchange rates adjustments	9	(41)
Other movements		
Carrying amount at end of period	**328**	**319**
Gross value	679	670
Accumulated impairment recognised at the end of period	(351)	(351)

Goodwill by cash-generating unit at 31 December 2014 is as follows:

In millions of euros	Carrying amount		Gross amount		Impairment recognised		Accumulated impairments	
	31 December 2014	Restated 31 December 2013	31 December 2014	Restated 31 December 2013	31 December 2014	Restated 31 December 2013	31 December 2014	Restated 31 December 2013
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	**136**	**135**	**148**	**147**	**-**	**-**	**(12)**	**(12)**
SADE			*12*	*12*			*(12)*	*(12)*
Leasing (BPLS)	*136*	*135*	*136*	*135*				
BNP Paribas Fortis in other countries	**164**	**156**	**503**	**495**	**-**	**-**	**(339)**	**(339)**
BNP Paribas Bank Polska			*209*	*209*			*(209)*	*(209)*
Margaret Inc.			*102*	*102*			*(102)*	*(102)*
Von Essen KG Bank			*28*	*28*			*(28)*	*(28)*
TEB Group	*164*	*156*	*164*	*156*				
Total	**328**	**319**	**679**	**670**	**-**	**-**	**(351)**	**(351)**

BNP Paribas Fortis activities are divided into cash-generating units, representing reporting entities or groups of reporting entities of BNP Paribas Fortis. The breakdown is consistent with 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.

The cash generating units to which goodwill is allocated include:

Alpha Credit

Alpha Credit is the bank's consumer credit specialist. It provides a comprehensive range of consumer loans at point of sale (retail stores and car dealerships) and directly to clients. It distributes also its products through the bank's retail network and through bpost bank. It is the market leader in Belgium and Luxembourg.

Fortis Commercial Finance

Fortis Commercial finance is the subsidiary of the bank regrouping its factoring activities. It is mainly active in Belgium, Germany, UK and The Netherlands. It is the market leader in Belgium.

Leasing (BPLS)

BNP Paribas Leasing Solutions uses a multi-channel approach (direct sales, sales via referrals, partnerships and banking networks) to offer corporate and small business clients an array of leasing and rental solutions, ranging from equipment financing to fleet outsourcing.

Turk Ekonomi Bankasi group (TEB)

Present mostly in Turkey, TEB offers its customers (Retail, Corporate and SME) a wide array of financial products and services, including retail and private banking, treasury and capital markets services, and financing services.

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 recognized, 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 or 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 or if one of the two comparable method indicate that an impairment might be necessary.

The DDM method is based on a number of assumptions in terms of future revenues, expenses and cost of risk based on medium-term business plans over a period of five years. Projections beyond the 5-year forecast period are based on a growth rate to perpetuity, generally set at the level of the long term expected inflation of 2%, and are normalised when the short-term environment does not reflect the normal conditions of the economic cycle.

The key parameters which are sensitive to the assumptions made are the cost of capital, the cost/income ratio, the cost of risk and the growth rate to perpetuity.

Cost of capital is determined on the basis of a risk-free rate, an observed market risk premium weighted by a risk factor based on comparables specific to each homogeneous group of businesses. The values of these parameters are obtained from external information sources.

Required capital is determined for each homogeneous group of businesses based on the Core Tier One regulatory requirements for the legal entity to which the homogeneous group of businesses belongs, with a minimum of 7%.

None of the tests performed in 2014 led to the recognition of impairment of the existing goodwills.

Sensitivities

The table below shows the sensitivity of the main goodwill valuations to a 10-basis point change in the cost of capital, a 1% change in the cost/income ratio and a 50-basis point change in the sustainable growth rate.

	31 December 2014	
In millions of euros	**Alpha Crédit**	**BPLS**
Cost of capital		
Adverse change (+10 basis points)	(5)	(55)
Positive change (-10 basis points)	5	57
Cost/income ratio		
Adverse change (+1%)	(9)	(86)
Positive change (-1%)	9	86
Long-term growth rate		
Adverse change (-50 basis points)	(16)	(197)
Positive change (+50 basis points)	19	233

For the two cash-generating unit mentioned above, there are no grounds for goodwill impairment even if the adverse scenarios reflected in the table are applied for the impairment test.

5.o Provisions for contingencies and charges

In millions of euros	Restated 31 December 2013	Disconti- nued operations	Continuing operations at start of period	Net additions to provisions	Provisions used	Changes in value recognised directly in equity	Effect of movements in exchange rates and other movements	31 December 2014
Provisions for employee benefits	**3,580**	**1**	**3,579**	**31**	**(28)**	**212**	**33**	**3,827**
of which post-employment benefits (Note 7.b)	3,041	1	3,040	19	(7)	191	65	3,308
of which post-employment healthcare benefits (Note 7.b)	73	-	73	1	-	21	1	96
of which provision for other long-term benefits (Note 7.c)	118	-	118	15	(7)		(24)	102
of which provision for voluntary departure, early retirement plans, and headcount adaptation plan (Note 7.d)	335	-	335	(16)	(1)		(9)	309
of which provision for share-based payment	13	-	13	12	(13)		-	12
Provisions for home savings accounts and plans	**-**	**-**	**-**	**-**	**-**		**-**	**-**
Provisions for credit commitments (Note 2.f)	**213**	**5**	**208**	**10**	**(23)**	**-**	**(64)**	**131**
Provisions for litigation	**42**	**-**	**42**	**17**	**(15)**	**-**	**163**	**207**
Other provisions for contingencies and charges	**274**	**7**	**267**	**2**	**(18)**	**-**	**(135)**	**116**
Total provisions for contingencies and charges	**4,109**	**13**	**4,096**	**60**	**(84)**	**212**	**(3)**	**4,281**

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, plus 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 2014		Restated 31 December 2013	
	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	568		-	
Repurchase agreements				
Securities at fair value through profit and loss	788	779	2,409	2,397
Securities classified as loans and receivables	487	487	345	345
Available-for-sale financial assets	8,042	8,030	3,878	3,866
Total	**9,885**	**9,296**	**6,632**	**6,608**

Securitisation transactions partially refinanced by external investors, whose recourse is limited to the transferred assets:

In millions of euros	31 December 2014				
	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	36,421	2,582	38,014	2,582	35,432
Total	**36,421**	**2,582**	**38,014**	**2,582**	**35,432**

In millions of euros	Restated 31 December 2013				
	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
Total	**37,534**	**3,603**	**39,680**	**3,584**	**36,096**

There have been no significant transfers leading to partial or full derecognition of the financial assets where the Bank has a continuing involvement in them.

5.q Offsetting of financial assets and liabilities

The following table presents the amounts of financial assets and liabilities before and after offsetting. This information, required by IFRS 7 'Financial Instruments: Disclosures' is intended to ensure 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 offset and the net amount presented on the balance sheet when and only when, 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. The amounts offset derive mainly from repurchase agreements and derivative instruments traded with clearing houses.

The 'Impacts of Master Netting Agreements (MMAs) and similar agreements' relate to outstanding amounts of transactions within an enforceable agreement, which do not meet the offsetting criteria set by IAS 32. This is the case with transactions for which offsetting can only be performed in case of default, insolvency or the bankruptcy of one of the contracting parties.

'Financial instruments given or received as collateral' include guarantee deposits and securities collateral recognised at fair value. These guarantees can only be exercised in case of default, insolvency or bankruptcy of one of the contracting parties.

Regarding Master Netting Agreements, the guarantee deposits received or given in compensation for the positive or negative fair values of financial instruments are recognised in the balance sheet in 'Accrued income or expenses' and 'Other assets or liabilities'.

In millions of euros, at 31 December 2014	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (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	*2,145*	-	*2,145*	-	-	*2,145*
Loans	*4*	-	*4*	-	-	*4*
Repurchase agreements	*6,220*	*(447)*	*5,773*	*(3,646)*	*(1,990)*	*137*
Instruments designated as at fair value through profit or loss	*2,038*	-	*2,038*	-	-	*2,038*
Derivative financial instruments (including derivatives used for hedging purposes)	*11,691*	*(15)*	*11,676*	*(5,402)*	*(1,884)*	*4,390*
Loans and receivables due from customers and credit institutions	**181,630**	**(572)**	**181,058**	**(164)**	**(89)**	**180,805**
of which repurchase agreements	*259*	-	*259*	*(164)*	*(89)*	*6*
Accrued income and other assets	**11,585**	**-**	**11,585**	**-**	**(4,605)**	**6,980**
of which guarantee deposits paid	*5,261*	-	*5,261*	-	*(4,605)*	*656*
Other assets not subject to offsetting	60,927	-	60,927	-	-	60,927
TOTAL ASSETS	**276,240**	**(1,034)**	**275,206**	**(9,212)**	**(8,568)**	**257,426**

In millions of euros, at 31 December 2014	Gross amounts of financial liabilities	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments given as collateral	Net amounts according to IFRS 7 §13 C (e)
Liabilities						
Financial instruments at fair value through profit or loss						
Trading securities	*2,382*	*-*	*2,382*	*-*	*-*	*2,382*
Borrowings	*-*	*-*	*-*	*-*	*-*	*-*
Repurchase agreements	*11,414*	*(447)*	*10,967*	*(3,054)*	*(7,198)*	*715*
Instruments designated as at fair value through profit or loss	*6,250*	*-*	*6,250*	*-*	*-*	*6,250*
Derivative financial instruments (including derivatives used for hedging purposes)	*11,843*	*(15)*	*11,828*	*(5,402)*	*(4,602)*	*1,824*
Due to customers and to credit institutions	**183,844**	**(572)**	**183,272**	**(756)**	**(1,783)**	**180,733**
of which repurchase agreements	*2,716*	*-*	*2,716*	*(756)*	*(1,783)*	*177*
Accrued expense and other liabilities	**7,441**	**-**	**7,441**	**-**	**(1,694)**	**5,747**
of which guarantee deposits received	*1,788*	*-*	*1,788*	*-*	*(1,694)*	*94*
Other liabilities not subject to offsetting	27,674	-	27,674	-	-	27,674
TOTAL LIABILITIES	**250,848**	**(1,034)**	**249,814**	**(9,212)**	**(15,277)**	**225,325**

In millions of euros, at 31 December 2013	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (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)	*8,336*	*(15)*	*8,321*	*(3,405)*	*(1,566)*	*3,350*
Loans and receivables due from customers and credit institutions	**179,842**	**(848)**	**178,994**	**(72)**	**(38)**	**178,884**
of which repurchase agreements	*92*	*-*	*92*	*(50)*	*(38)*	*4*
Accrued income and other assets	**7,231**	**-**	**7,231**	**-**	**(1,276)**	**5,955**
of which guarantee deposits paid	*1,947*	*-*	*1,947*	*-*	*(1,276)*	*671*
Other assets not subject to offsetting	50,368	-	50,368	-	-	50,368
TOTAL ASSETS	**257,826**	**(1,600)**	**256,226**	**(6,618)**	**(5,274)**	**244,334**

In millions of euros, at 31 December 2013	Gross amounts of financial liabilities	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments given as collateral	Net amounts according to IFRS 7 §13 C (e)
Liabilities						
Financial instruments at fair value through profit or loss						
Trading securities	*1,832*	-	*1,832*	-	-	*1,832*
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)*	*6,826*	*(3,405)*	*(1,265)*	*2,156*
Due to customers and to credit institutions	**175,540**	**(848)**	**174,692**	**(247)**	**(422)**	**174,023**
of which repurchase agreements	*725*	-	*725*	*(225)*	*(422)*	*78*
Accrued expense and other liabilities	**6,685**	**-**	**6,685**	**-**	**(1,362)**	**5,323**
of which guarantee deposits received	*1,403*	-	*1,403*	-	*(1,362)*	*41*
Other liabilities not subject to offsetting	27,139	-	27,139	-	-	27,139
TOTAL LIABILITIES	**234,358**	**(1,600)**	**232,758**	**(6,618)**	**(8,599)**	**217,541**

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 2014	Restated 31 December 2013
Financing commitments given		
- to credit institutions	631	87
- to customers	50,276	38,202
Confirmed letters of credit	*47,482*	*35,510*
Other commitments given to customers	*2,794*	*2,692*
Total financing commitments given	**50,907**	**38,289**
Financing commitments received		
- from credit institutions	18,351	10,991
- from customers	26	22
Total financing commitments received	**18,377**	**11,013**

Confirmed letters of credit given to customers increased by EUR 11.9 billion in 2014 compared to 2013, which is mainly due to the fact that unilaterally revocable credit lines (with notice) are reported among off-balance-sheet items for 2014.

Financing commitments received from credit institutions increased by EUR 7.4 billion in 2014 compared to 2013, which is mainly attributable to higher financing commitment received from the central banks and to repurchase agreement activities.

6.b Guarantee commitments given by signature

In millions of euros	31 December 2014	Restated 31 December 2013
Guarantee commitments given		
- to credit institutions	5,759	6,682
- to customers	18,051	18,735
Property guarantees	-	-
Sureties provided to tax and other authorities, other sureties	*366*	*381*
Other guarantees	*17,685*	*18,354*
Total guarantee commitments given	**23,810**	**25,417**

6.c Other guarantee commitments

Financial instruments given as collateral:

In millions of euros	31 December 2014	31 December 2013
Financial instruments (negotiable securities and private receivables) lodged with central banks and eligible for use at any time as collateral for refinancing transactions after haircut	13,887	12,034
- Used as collateral with central banks	*803*	*2,094*
- Available for refinancing transactions	*13,084*	*9,940*
Securities sold under repurchase agreements	14,063	9,316
Other financial assets pledged as collateral for transactions with credit institutions, financial customers	6,206	11,979

Financial instruments given as collateral by BNP Paribas Fortis that the beneficiary is authorised to sell or reuse as collateral amounted to EUR 14,076 million at 31 December 2014 (EUR 10,844 million at 31 December 2013).

Financial instruments received as collateral:

In millions of euros	31 December 2014	31 December 2013
Financial instruments received as collateral (excluding repurchase agreements)	4,349	4,393
of which instruments that BNP Paribas Fortis is authorised to sell and reuse as collateral	*920*	*601*
Securities received under repurchase agreements	6,357	6,138

The financial instruments received as collateral or under repurchase agreements that BNP Paribas Fortis effectively sold or reused as collateral amounted to EUR 5,122 million at 31 December 2014 (compared with EUR 5,950 million at 31 December 2013).

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 2014	Restated 31 December 2013
Fixed and variable remuneration, incentive bonuses and profit-sharing	(1,907)	(1,706)
Retirement bonuses, pension costs and social security taxes	(655)	(647)
Total salary and employee benefit expenses	**(2,562)**	**(2,353)**

7.b Employee benefit obligations

Post-employment benefits

IAS 19 'Employee benefits' distinguishes between two categories of plan with different treatment depending on the risk which the employer company incurs. When a company 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 company takes on the obligation of managing the financial assets funded through the collection of premiums from employees and then bears the actual cost of benefits or guarantees the final amount, subject to future events, it is described as a defined-benefit plan. The same applies if the company 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 any 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 2014 was EUR 48 million, compared with EUR 35 million for the year to 31 December 2013.

Contribution amount In millions of euros	31 December 2014	31 December 2013
Belgium	2	2
Turkey	40	25
Other	6	8
TOTAL	**48**	**35**

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 87% (90% at 31 December 2013) through AG Insurance, in which BNP Paribas Fortis owns a 25% interest.

Senior managers who joined the Bank before 31 December 2014 have a pension plan that provides a capital sum based on number of years' service and final salary. This plan is pre-funded at 74% (80% at 31 December 2013) through AXA Belgium and AG Insurance. Uncovered liabilities are recognised on the BNP Paribas Fortis balance sheet.

Under Belgian law, the employer is responsible for providing 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 2014, the amount of assets stood at EUR 529 million (EUR 495 million at 31 December 2013) and the obligations at EUR 505 million (EUR 472 million at 31 December 2013). The obligations 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 will be continued within BNP Paribas Fortis. The employer contribution during 2014 amounted to EUR 30 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 2014, 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 for the scheme as at 31 December 2014 stood at 195% (204% at 31 December 2013).

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, at 31 December 2014	Defined-benefit obligation arising from wholly or partially funded plans	Defined-benefit obligation arising from unfunded plans	Present value of defined-benefit obligation	Fair value of plan assets	Fair value of reimburse- ment rights(1)	Effect of asset ceiling	Net obligation	of which asset recognised in the balance sheet for defined-benefit plans	of which net assets of defined-benefit plans	of which fair value of reimbursement rights	of which obligation recognised in the balance sheet for defined-benefit plans
Belgium	3,163	19	3,182	-	(2,778)	-	404	(2,778)	-	(2,778)	3,182
Turkey	253	36	289	(492)	-	239	36	-	-	-	36
Others	334	13	347	(259)	(16)	-	72	(18)	(2)	(16)	90
TOTAL	**3,750**	**68**	**3,818**	**(751)**	**(2,794)**	**239**	**512**	**(2,796)**	**(2)**	**(2,794)**	**3,308**

(1) *Reimbursement rights are financial assets held by Group's insurance subsidiaries and associated companies notably AG Insurance with respect to BNP Paribas Fortis' defined-benefit plans, in order to cover post-employment commitments to certain employee categories*

In millions of euros, at 31 December 2013	Defined-benefit obligation arising from wholly or partially funded plans	Defined-benefit obligation arising from unfunded plans	Present value of defined-benefit obligation	Fair value of plan assets	Fair value of reimburse- ment rights(1)	Effect of asset ceiling	Net obligation	of which asset recognised in the balance sheet for defined-benefit plans	of which net assets of defined-benefit plans	of which fair value of reimbursement rights	of which obligation recognised in the balance sheet for defined-benefit plans
Belgium	2,932	15	2,947	-	(2,636)	-	311	(2,636)	-	(2,636)	2,947
Turkey	209	29	238	(428)	-	219	29	-	-	-	29
Others	210	76	286	(217)	(15)	-	54	(19)	(4)	(15)	73
TOTAL	**3,351**	**120**	**3,471**	**(645)**	**(2,651)**	**219**	**394**	**(2,655)**	**(4)**	**(2,651)**	**3,049**

(1) *Reimbursement rights are financial assets held by Group's insurance subsidiaries and associated companies notably AG Insurance with respect to BNP Paribas Fortis' defined-benefit plans, in order to cover post-employment commitments to certain employee categories*

Changes in the present value of the defined benefit obligation

In millions of euros	Year to 31.Dec.2014	Year to 31.Dec.2013
Present value of defined-benefit obligation at start of period	**3,471**	**3,439**
Present value of defined benefit obligation of discontinued operations at 1 January	-	-
Present value of defined-benefit obligation at start of period	**3,471**	**3,439**
Current service cost	138	144
Interest cost	90	83
Past service costs	-	-
Settlements	1	(2)
Actuarial (gains)/losses on change in demographic assumptions	5	1
Actuarial (gains)/losses on change in financial assumptions	274	(109)
Actuarial (gains)/losses on experience gaps	(26)	7
Actual employee contributions	10	10
Benefits paid directly by the employer	(25)	(23)
Benefits paid from assets/reimbursement rights	(164)	(187)
Exchange rate (gains)/losses on the obligation	18	(36)
(Gains)/losses on the obligation relating to changes in the consolidation scope	23	147
Others	3	(3)
Present value of defined-benefit obligation at end of period	**3,818**	**3,471**

Change in the fair value of plan assets and reimbursement rights

	Plan assets		Reimbursement rights	
In millions of euros	Year to 31.Dec.2014	Year to 31.Dec.2013	Year to 31.Dec.2014	Year to 31.Dec.2013
Fair value of assets at start of period	**645**	**475**	**2,651**	**2,631**
Fair value of assets of discontinued operations at 1 January	-	-	-	-
Fair value of assets at start of period	**645**	**475**	**2,651**	**2,631**
Interest income on assets	35	22	64	62
Settlements	-	-	-	-
Actuarial (gains)/losses on plan assets	36	4	112	13
Actual employee contributions	-	-	10	10
Employer contributions	17	13	109	111
Benefits paid from assets	(9)	(9)	(155)	(177)
Exchange rate (gains)/losses on assets	28	(65)	-	-
Consolidation gains/(losses) on assets	(1)	209	3	1
Other	-	(4)	-	-
Fair value of assets at end of period	**751**	**645**	**2,794**	**2,651**

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' under the terms of 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 2014	31 December 2013
Service costs	**139**	**142**
Current service cost	138	144
Past service cost	-	-
Settlements	1	(2)
Net financial expense	**11**	**11**
Interest cost	90	83
Interest income on plan assets	(15)	(10)
Interest income on reimbursement rights	(64)	(62)
Total recognised in 'Salary and employee benefit expenses'	**150**	**153**

Other items recognised directly in equity

In millions of euros	31 December 2014	31 December 2013
Other items recognised directly in equity	**(92)**	**143**
Actuarial (losses)/gains on plan assets or reimbursement rights	149	17
Actuarial (losses)/gains of demographic assumptions on the present value of obligations	(5)	(1)
Actuarial (losses)/gains of financial assumptions on the present value of obligations	(274)	109
Experience (losses)/gains on obligations	26	(7)
Variation of the effect of asset ceiling	12	25

Method used to measure obligations

Principal actuarial assumptions used to calculate post-employment benefit obligations (excluding post-employment health-care 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:

In %	31 December 2014		31 December 2013	
	Discount rate	Compensation increase rate [1]	Discount rate	Compensation increase rate [1]
Eurozone	0.40%-1.60%	1.95%-3.30%	1.20%-3.25%	1.95%-3.70%
Turkey	8.60%	6.00%	9.92%-10.10%	7.50%

(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:

Change in the present value of obligations In millions of euros	31 December 2014		31 December 2013	
	Discount rate -100bp	Discount rate +100bp	Discount rate -100bp	Discount rate +100bp
Eurozone	305	(255)	240	(205)
Turkey	20	(16)	21	(16)

Actual rate of return on plan assets and reimbursement rights over the period

In percentage [1]	31 December 2014	31 December 2013
Belgium	1.30%-8.30%	2.30%-6.20%
Turkey	8.72%	5.82%

(1) *Range of value, reflecting the existence of several plans in the same country.*

Breakdown of plan assets:

In %	31 December 2014						31 December 2013					
	Shares	Governmental bonds	Non-Governmental bonds	Real-estate	Deposit account	Others	Shares	Governmental bonds	Non-Governmental bonds	Real-estate	Deposit account	Others
Belgium	2%	63%	18%	0%	0%	17%	2%	55%	15%	0%	0%	28%
Turkey	0%	1%	0%	5%	91%	3%	0%	3%	0%	5%	91%	1%
Others	15%	30%	22%	1%	0%	31%	15%	40%	14%	2%	1%	28%
TOTAL	**3%**	**51%**	**16%**	**1%**	**12%**	**17%**	**3%**	**47%**	**13%**	**1%**	**12%**	**24%**

BNP Paribas Fortis has put governance rules into effect for the management of assets covering defined-benefit pension plans, whose 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 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 stands at EUR 96 million at 31 December 2014, compared with EUR 73 million at 31 December 2013, implying an increase of EUR 23 million during the year 2014 versus a decrease of EUR 6 million during the year 2013.

The expense for post-employment healthcare benefits amounted to EUR 3 million for the year 2014, versus EUR (1) million for the year 2013.

Other items related to post-employment healthcare and directly accounted for in equity amount to EUR 21 million for 2014, compared with EUR 2 million for 2013.

7.c 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 as a whole.

In millions of euros	31 December 2014	31 December 2013
Net provisions for the other long-term benefits	**102**	**95**
Asset recognised in the balance sheet under 'Other long-term benefits'	-	31
Obligation recognised in the balance sheet under 'Other long-term benefits'	102	126

7.d Termination benefits

BNP Paribas Fortis has implemented a number of voluntary redundancy plans and headcount adjustment plans for employees who meet certain eligibility criteria. The obligations to eligible active employees under such plans are provided for as soon as a bilateral agreement or a bilateral agreement proposal for a particular plan is made.

In millions of euros	31 December 2014	31 December 2013
Provision for voluntary departures and early retirement plans	309	335

8 Additional information

8.a Scope of consolidation

The consolidated accounts are prepared in accordance with the Belgian 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 (IFRS), as adopted by the European Union.

The Consolidated Financial Statements include those of BNP Paribas Fortis and its subsidiaries. Subsidiaries are enterprises under the exclusive control of BNP Paribas Fortis, i.e. when it is exposed, or has rights, to variable returns from its involvement with the entity in question and has the ability to use its power over the entity to affect the amount of the entity's returns. The existence of control is reassessed if one of the criteria determining the control has changed.

The consolidated accounts are prepared in accordance with IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements' and IAS 28 'Investments in Associates and Joint Ventures'.

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 2013 and 2014.

Name	Country	31 December 2014 Method	Voting (%)	Interest (%)	Ref.	31 December 2013 Method	Voting (%)	Interest (%)	Ref.
Consolidating company									
BNP Paribas Fortis	**Belgium**								
Belgium									
Ace Equipment Leasing	Belgium	Full	100%	25%		Full	100%	25%	
Ace Leasing	Belgium				S4	Full	100%	25%	
Ag Insurance	Belgium	Equity	25%	25%		Equity	25%	25%	
Alpha Card S.C.R.L.	Belgium	Equity	49.99%	49.99%		Equity	49.99%	49.99%	
Alpha Crédit S.A.	Belgium	Full	100%	100%		Full	100%	100%	
Belgian Mobile Wallet	Belgium	Equity	33.18%	33.18%	V2	Equity	50%	50%	E2
BNP Paribas Fortis Factor Nv SA	Belgium	Full	100%	100%		Full	100%	100%	
BNP Paribas Lease Group (Belgique)	Belgium	Full	100%	25%		Full	100%	25%	
Bpost banque - Bpost bank	Belgium	Equity	50%	50%		Equity 2	50%	50%	D3
Demetris N.V.	Belgium	Equity	100%	100%		Equity 1	100%	100%	
Eos Aremas Belgium S.A./N.V.	Belgium	Equity	49.97%	49.97%		Equity	49.97%	49.97%	
Es-Finance	Belgium	Full	100%	100%		Full	100%	100%	
Finalia	Belgium								S4
Fortis Finance Belgium S.C.R.L.	Belgium								S1
Fortis Lease Belgium	Belgium	Full	100%	25%		Full	100%	25%	
Fortis Lease Car & Truck	Belgium				S4	Full	100%	25%	
Fortis Private Equity Belgium N.V.	Belgium	Full	100%	100%		Full	100%	100%	
Fortis Private Equity Expansion Belgium N.V.	Belgium	Full	100%	100%		Full	100%	100%	
Fortis Private Equity Management N.V.	Belgium	Equity 1	100%	100%	E1				
Fortis Private Equity Venture Belgium S.A.	Belgium				S4	Full	100%	100%	
Fscholen	Belgium	Equity	50%	50%	E1				
Fv Holding N.V.	Belgium								S3
Immobilière Sauvenière S.A.	Belgium	Equity	100%	100%		Equity 1	100%	100%	
Nissan Finance Belgium N.V.	Belgium				S4	Full	100%	100%	V1
Belgium - Special Purpose Entities									
Bass Master Issuer Nv	Belgium	Full				Full			
Esmée Master Issuer	Belgium	Full				Full			
Luxembourg									
BGL BNP Paribas	Luxembourg	Full	50%	50%		Full	50%	50%	
BGL BNP Paribas Factor S.A.	Luxembourg	Full	100%	50%		Full	100%	50%	
BNP Paribas Fortis Funding S.A.	Luxembourg	Full	100%	100%		Full	100%	100%	
BNP Paribas Lease Group Luxembourg S.A.	Luxembourg	Full	100%	50%		Full	100%	50%	
BNP Paribas Leasing Solutions	Luxembourg	Full	50%	25%		Full	50%	25%	

Changes in the scope of consolidation

New entries (E) in the scope of consolidation

E1 Passing qualifying thresholds as defined by BNP Paribas Fortis (see note 1.c.1)
E2 Incorporation
E3 Purchase, gain of control or significant influence

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 (see 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 The TEB group, previously proportionally consolidated, was consolidated under the equity method in accordance with IFRS 11, then fully consolidated as of 31 December 2013 (see note 8.o)
D3 Entities previously under proportional consolidation, which become consolidated under the equity method in accordance with IFRS 11 (see note 8.o)

1 Controlled but non material entities consolidated under the equity method as associates (see note 1.c.1)
2 Jointly controlled entities under proportional consolidation for prudential purposes.

Full - Full consolidation
Prop. - Proportional consolidation
Equity - Equity Method

Name	Country	31 December 2014				31 December 2013			
		Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
Luxembourg									
Cardif Lux Vie	Luxembourg	Equity	33.33%	16.67%		Equity	33.33%	16.67%	
Cofhylux S.A.	Luxembourg	Full	100%	50%		Full	100%	50%	
Plagefin S.A.	Luxembourg	Full	100%	50%		Full	100%	50%	
Plagefin - Placement, Gestion, Finance Holding S.A.	Luxembourg				S4	Full	100%	50%	
Luxembourg - Special Purpose Entities									
Alleray S.A.R.L.	Luxembourg	Full			E1				
Société Immobilière De Monterey S.A.	Luxembourg	Full				Full			E2
Société Immobilière Du Royal Building S.A.	Luxembourg	Full				Full			E2
Rest of the world									
Ace Leasing B.V.	Netherlands								S4
Agrilease B.V.	Netherlands				S3	Full	100%	25%	
Albury Asset Rentals Limited	United Kingdom	Full	100%	25%		Full	100%	25%	
All In One Vermietung Gmbh	Austria	Equity	100%	25%		Equity 1	100%	25%	
All In One Vermietungsgesellschaft Fur Telekommunikationsanlagen Mbh	Germany	Equity	100%	25%		Equity 1	100%	25%	
Alpha Murcia Holding B.V.	Netherlands	Equity	100%	100%		Equity 1	100%	100%	
Aprolis Finance	France	Full	51%	12.75%		Full	51%	12.75%	
Arius	France	Full	100%	25%		Full	100%	25%	
Artegy	France	Full	100%	25%		Full	100%	25%	
Artegy Limited	United Kingdom	Equity	100%	25%	D1	Full	100%	25%	
BNP Paribas Bank Polska S.A.	Poland	Full	85%	85%	V3	Full	99.89%	99.89%	
BNP Paribas Commercial Finance Limited	United Kingdom	Full	100%	100%		Full	100%	100%	
BNP Paribas Factor Deutschland B.V.	Netherlands	Full	100%	100%		Full	100%	100%	
BNP Paribas Factor Gmbh	Germany	Full	100%	100%		Full	100%	100%	
BNP Paribas Factoring Coverage Europe Holding N.V.	Netherlands	Full	100%	100%		Full	100%	100%	
BNP Paribas Finansal Kiralama A.S.	Turkey	Full	100%	25.89%		Full	100%	25.89%	
BNP Paribas Fortis Yatirimlar Holding Anonim Sirketi	Turkey	Full	100%	100%		Full	100%	100%	
BNP Paribas Investment Partners	France	Equity	33.33%	30.85%		Equity	33.33%	30.85%	
BNP Paribas Lease Group (Rentals) Limited	United Kingdom	Full	100%	25%		Full	100%	25%	

Changes in the scope of consolidation

New entries (E) in the scope of consolidation

E1 Passing qualifying thresholds as defined by BNP Paribas Fortis (see note 1.c.1)
E2 Incorporation
E3 Purchase, gain of control or significant influence

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 (see 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 The TEB group, previously proportionally consolidated, was consolidated under the equity method in accordance with IFRS 11, then fully consolidated as of 31 December 2013 (see note 8.o)
D3 Entities previously under proportional consolidation, which become consolidated under the equity method in accordance with IFRS 11 (see note 8.o)

1 Controlled but non material entities consolidated under the equity method as associates (see note 1.c.1)
2 Jointly controlled entities under proportional consolidation for prudential purposes.

Full - Full consolidation
Prop. - Proportional consolidation
Equity - Equity Method

Name	Country	31 December 2014				31 December 2013			
		Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
Rest of the world									
BNP Paribas Lease Group Bplg	France	Full	100%	25%		Full	100%	25%	
BNP Paribas Lease Group Ifn S.A.	Romania	Equity	99.94%	24.99%		Equity 1	99.94%	24.99%	
BNP Paribas Lease Group Kft.	Hungary	Equity	25%	25%		Equity	33.33%	25%	
BNP Paribas Lease Group Leasing Solutions S.P.A.	Italy	Equity	26.17%	6.54%		Equity	26.17%	6.54%	
BNP Paribas Lease Group Lizing Rt	Hungary	Equity	100%	25%		Equity 1	100%	25%	
BNP Paribas Lease Group Netherlands B.V.	Netherlands								S4
BNP Paribas Lease Group Plc	United Kingdom	Full	100%	25%		Full	100%	25%	
BNP Paribas Lease Group Sp.Z.O.O	Poland	Equity	100%	25%		Equity 1	100%	25%	
BNP Paribas Leasing Solutions Immobilier Suisse	Switzerland	Equity	100%	25%		Equity 1	100%	25%	
BNP Paribas Leasing Solutions Limited	United Kingdom	Full	100%	25%		Full	100%	25%	
BNP Paribas Leasing Solutions N.V.	Netherlands	Full	100%	25%		Full	100%	25%	
BNP Paribas Leasing Solutions Suisse Sa	Switzerland	Equity	100%	25%		Equity 1	100%	25%	
Claas Financial Services	France	Full	60.11%	15.03%		Full	60.11%	15.03%	
Claas Financial Services Inc	United States	Full	100%	15.03%		Full	100%	15.03%	
Claas Financial Services Ltd	United Kingdom	Full	51%	12.75%		Full	51%	12.75%	
Cnh Industrial Capital Europe Gmbh	Austria	Full	100%	12.52%		Full	100%	12.52%	
Cnh Industrial Capital Europe	France	Full	50.10%	12.52%		Full	50.10%	12.52%	
Cnh Industrial Capital Europe Bv	Netherlands	Full	100%	12.52%		Full	100%	12.52%	
Cnh Industrial Capital Europe Ltd	United Kingdom	Full	100%	12.52%		Full	100%	12.52%	
CNH Industrial Capital Europe Poland Branch	Poland	Full	100%	12.52%	E2				
Commercial Vehicle Finance Limited	United Kingdom	Full	100%	25%		Full	100%	25%	
Cronos Holding Company Limited	Bermuda	Equity	30.11%	30%		Equity	30.11%	30%	
Dominet S.A.	Poland				S1	Full	100%	100%	
Equipment Lease Bv	Netherlands								S4
Fb Transportation Capital Llc	United States	Full	100%	100%		Full	100%	100%	
Fortis Bank Malta Ltd	Malta								S1
Fortis Faktoring A.S.	Turkey								S4
Fortis Funding Llc	United States	Full	100%	100%		Full	100%	100%	

Changes in the scope of consolidation

New entries (E) in the scope of consolidation

E1 Passing qualifying thresholds as defined by BNP Paribas Fortis (see note 1.c.1)
E2 Incorporation
E3 Purchase, gain of control or significant influence

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 (see 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 The TEB group, previously proportionally consolidated, was consolidated under the equity method in accordance with IFRS 11, then fully consolidated as of 31 December 2013 (see note 8.o)
D3 Entities previously under proportional consolidation, which become consolidated under the equity method in accordance with IFRS 11 (see note 8.o)

1 Controlled but non material entities consolidated under the equity method as associates (see note 1.c.1)
2 Jointly controlled entities under proportional consolidation for prudential purposes.

Full - Full consolidation
Prop. - Proportional consolidation
Equity - Equity Method

Name	Country	31 December 2014 Method	Voting (%)	Interest (%)	Ref.	31 December 2013 Method	Voting (%)	Interest (%)	Ref.
Rest of the world									
Fortis Holding Malta B.V.	Netherlands								S1
Fortis Holding Malta Ltd	Malta								S3
Fortis Lease	France	Full	100%	25%		Full	100%	25%	
Fortis Lease Deutschland Gmbh	Germany	Equity	100%	25%		Equity 1	100%	25%	
Fortis Lease Iberia Sa	Spain	Equity	100%	41.04%		Equity 1	100%	41.04%	
Fortis Lease Operativ Lizing Zartkoruen Mukodo Reszvenytarsasag	Hungary	Equity	100%	25%		Equity 1	100%	25%	
Fortis Lease Polska Sp.Z.O.O.	Poland				S3	Full	100%	99.89%	
Fortis Lease Portugal	Portugal	Equity	100%	25%		Equity 1	100%	25%	
Fortis Lease Romania Ifn Sa	Romania	Equity	100%	25%		Equity 1	100%	25%	
Fortis Lease Uk Ltd	United Kingdom	Equity	100%	25%	D1	Full	100%	25%	
Fortis Private Equity France Fund	France								S3
Fortis Vastgoedlease B.V.	Netherlands	Equity	100%	25%	D1	Full	100%	25%	
Heffiq Heftruck Verhuur B.V. before (Barloworld Heftruck Verhuur B.V.)	Netherlands				S3	Equity	50%	12.25%	
Hfgl Limited	United Kingdom	Full	100%	25%		Full	100%	25%	
Humberclyde Commercial Investments Limited	United Kingdom	Full	100%	25%		Full	100%	25%	
Humberclyde Commercial Investments N°1 Limited	United Kingdom	Full	100%	25%		Full	100%	25%	
Inkasso Kodat Gmbh & Co. Kg	Germany	Equity	100%	100%		Equity 1	100%	100%	E1
Jcb Finance	France	Full	100%	12.53%		Full	100%	12.53%	
Jcb Finance Holdings Ltd	United Kingdom	Full	50.10%	12.53%		Full	50.10%	12.53%	
Kroenenburg Vastgoed N.V.	Netherlands	Full	100%	45.76%	D2				
Manitou Finance Limited	United Kingdom	Full	51.01%	12.75%		Full	51.01%	12.75%	
Mff	France	Full	51%	12.75%		Full	51%	12.75%	
Rfh Ltd.	Bermuda								S2
Same Deutz Fahr Finance	France	Full	100%	25%		Full	100%	25%	
Same Deutz Fahr Finance Limited	United Kingdom	Full	100%	25%		Full	100%	25%	
Société Alsacienne De Développement Et D'Expansion	France	Full	100%	50%		Full	100%	50%	
Srei Equipment Finance Limited	India	Equity	50%	12.50%		Equity 2	50%	12.50%	D3
Stichting Effecten Dienstverlening	Netherlands	Full	100%	45.76%	D2				

Changes in the scope of consolidation

New entries (E) in the scope of consolidation

E1 Passing qualifying thresholds as defined by BNP Paribas Fortis (see note 1.c.1)
E2 Incorporation
E3 Purchase, gain of control or significant influence

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 (see 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 The TEB group, previously proportionally consolidated, was consolidated under the equity method in accordance with IFRS 11, then fully consolidated as of 31 December 2013 (see note 8.o)
D3 Entities previously under proportional consolidation, which become consolidated under the equity method in accordance with IFRS 11 (see note 8.o)

1 Controlled but non material entities consolidated under the equity method as associates (see note 1.c.1)
2 Jointly controlled entities under proportional consolidation for prudential purposes.

Full - Full consolidation
Prop. - Proportional consolidation
Equity - Equity Method

Name	Country	31 December 2014				31 December 2013			
		Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
Rest of the world									
Teb Arval Arac Filo Kiralama A.S.	Turkey	Equity	50%	25%		Equity	50%	25%	D2
Teb Faktoring A.S.	Turkey	Full	73.26%	45.76%		Full	72.25%	44.75%	D2
Teb Holding A.S.	Turkey	Full	50%	50%		Full	50%	50%	V1 &D2
Teb Portfoy Yonetimi A.S.	Turkey	Full	73.26%	37.96%		Full	72.25%	36.95%	D2
Teb Sh A	Kosovo	Full	100%	50%		Full	100%	50%	D2
Teb Yatirim Menkul Degerler A.S.	Turkey	Full	73.26%	45.76%		Full	72.25%	44.75%	D2
The Economy Bank Nv	Netherlands	Full	73.26%	45.76%		Full	72.25%	44.75%	D2
Turk Ekonomi Bankasi A.S.	Turkey	Full	73.26%	45.76%		Full	72.25%	44.75%	D2
Von Essen Gmbh & Co. Kg Bankgesellschaft	Germany	Full	100%	100%		Full	100%	100%	
Rest of the world - Special Purpose Entities									
Alandes B.V.	Netherlands								S3
Astir B.V.	Netherlands				S3	Full			
Fortis Energy Leasing X 2 B.V.	Netherlands								S4
Fortis Energy Leasing X1 B.V.	Netherlands								S4
Fortis Energy Leasing Xiv B.V.	Netherlands								S4
Scaldis Capital Limited	Jersey	Full				Full			
Scaldis Capital Llc	United States	Full				Full			
Scaldis Capital Ltd	Ireland	Full				Full			
Tcg Fund I, L.P.	Cayman Islands	Full				Full			

Changes in the scope of consolidation

New entries (E) in the scope of consolidation

- E1 Passing qualifying thresholds as defined by BNP Paribas Fortis (see note 1.c.1)
- E2 Incorporation
- E3 Purchase, gain of control or significant influence

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 (see 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 The TEB group, previously proportionally consolidated, was consolidated under the equity method in accordance with IFRS 11, then fully consolidated as of 31 December 2013 (see note 8.o)
- D3 Entities previously under proportional consolidation, which become consolidated under the equity method in accordance with IFRS 11 (see note 8.o)

1 Controlled but non material entities consolidated under the equity method as associates (see note 1.c.1)

2 Jointly controlled entities under proportional consolidation for prudential purposes.

Full - Full consolidation
Prop. - Proportional consolidation
Equity - Equity Method

8.b Business combinations

As part of the overall plan to integrate the activities of BNP Paribas Fortis into the BNP Paribas group, initiatives were set in motion 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 plan 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, 2012 and 2013.

Specialised Finance (SF)

The transfer of the loans relating to Specialised Finance (SF), which began at of 2013, continued during the first quarter of 2014 and was finalised by 31 March 2014, at which date the remaining outstanding amount of the Specialised Finance (SF) loans transferred from BNP Paribas Group to BNP Paribas Fortis stood at EUR 7,965 million and the total consideration paid for the transferred SF loans amounted to EUR (9,528) million. The difference between the consideration paid and the initial carrying value of the transferred assets is presented as an adjustment in equity, amounting to EUR (251) million. This is in accordance with the 'predecessor basis of accounting method' as described in Note 1 'Summary of significant accounting policies applied by BNP Paribas Fortis'. Under this method, as the acquisition occurred between entities under common control, BNP Paribas Fortis, as acquiring party, recognised the acquired assets and liabilities at their carrying value instead of fair value. The carrying value was determined by the transferring entity at the date of the transfer.

Disposal of the Frankfurt branch activities

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 while also providing CIB within BNP Paribas Fortis with attractive business opportunities.

All assets and liabilities of the BNP Paribas Fortis branch in Germany (Frankfurt) (except for its participation in Von Essen Bank) were transferred to the German branch of BNP Paribas on 5 December 2014 for a consideration of EUR 336 million.

Creation of a branch in Finland

As part of growth plans for the Nordic Region, BNP Paribas Fortis and BNP Paribas Group resolved to enhance the Corporate and Investment Banking offering to existing clients and prospective clients in Finland.

This branch has the characteristics of a representative office, performing only auxiliary and preparatory tasks, such as market research, identifying prospective of customers, providing information on the BNP Paribas Group to clients and country-related information to other entities of the BNPP Group and their clients. However, since the concept of a representative office is not recognised in Finland, the establishment has been set up with the status of a foreign branch.

The branch was registered with the Trade Register in Helsinki on 14 August 2014 and commenced operations in August.

Initial Public Offering (IPO) in BNP Paribas Polska

The Polish regulatory authority (KNF) requested BNP Paribas Fortis to increase the free-float equity in BNP Paribas Polska from a level of 0.11% to 15% of the capital. Following the approval by an Extraordinary General Shareholders' meeting on 7 April 2014 for a capital increase of PLN 228.5 million, an IPO took place during April and May. As a consequence of the IPO, the total voting rights held by BNP Paribas Fortis in BNP Paribas Polska were reduced from 99.89% to 85%. The impact of the dilution in shareholding in BNP Paribas Polska, on BNP Paribas Fortis shareholders' equity amounted to EUR (16) million.

TEB bank: squeeze-out

As of 14 November 2014, BNP Paribas Fortis Yatirimlar Holding A.Ş., BNP Paribas Yatirimlar Holding A.Ş., BNP Paribas and TEB Holding A.Ş. acting jointly as the 'Controlling Shareholders' according to the Communiqué of the Capital Markets Board No II-27.2 on Squeeze-out and Sell-Out Rights, held 96.005% of the voting rights of Türk Ekonomi Bankası A.Ş. (TEB Bank).

Pursuant to Temporary Article 1 of the Communiqué, the 'right to sell' and 'squeeze-out right' became exercisable upon the purchase of an additional share by BNP Paribas Fortis Yatirimlar Holding A.Ş, one of the Controlling Shareholders, on 14 November 2014.

Within three-months, starting at the date of the purchase of the additional share (within the period between 17 November 2014 – 17 February 2015), shareholders other than the Controlling Shareholders are entitled to sell the shares they hold in Türk Ekonomi Bankasi A.Ş. to BNP Paribas Fortis Yatirimlar Holding A.Ş.

BNP Paribas Fortis Yatirimlar Holding A.Ş., is also entitled to exercise a squeeze-out right following the expiry of the three-month period on 17 February 2015 and has applied to Türk Ekonomi Bankasi A.Ş. to exercise this right.

The considerations for exercising the right to sell and squeeze-out right are determined as below, in accordance with the principles set out in Article 6 of the Communiqué: the fair value for the right to sell is TRY 2.437 and the squeeze out selling price is TRY 2.0032.

As at 31 December 2014, the impact of the operation squeeze-out resulted in a transfer from the minority interests to the shareholders' equity, more information can be found in the 'Report of the Board of Directors – Comments on the evolution of the balance sheet'. Meanwhile, the squeeze-out process is still on-going and will be finalised by 2015.

The table below provides details on business combinations executed during the year 2013:

In millions of euros	31 December 2013								
						Key figures on acquisition date			
Acquired subsidiaries/business	Country	Acquired %	Acquisition price	Goodwill/(Badwill)	Net cash inflow		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

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 2014 relate to BNP Paribas Polska, which is undergoing a merger with BGŻ, acquired by BNP Paribas Group in 2014.

Merger between BNP Paribas Polska and BGŻ

Further to an agreement reached on 5 December 2013, BNP Paribas Group acquired control of BGŻ from Rabobank, valuing BGŻ at PLN 4.5 billion (approximately EUR 1.1 billion), including Rabobank Polska operations which were merged with BGŻ in June 2014.

Following completion of a tender offer, BNP Paribas held an 89% ownership interest in BGŻ at the close of the public offering on 17 October 2014. The acquisition was completed after all regulatory approvals including that of the Polish Financial Supervision Authority (KNF), were obtained. In December 2014 BNP Paribas launched a squeeze-out on the remaining minority shareholders other than Rabobank that kept a 10% participation as required by the KNF. The sueeze-out completed in January 2015 and BNP Paribas holds now 90% of BGŻ.

In connection with the acquisition by BNP Paribas Group of the majority stake in BGŻ and subject to applicable laws and regulations and receipt of the necessary regulatory approvals, including those of the European Central Bank and the KNF, it is anticipated that BGŻ will be merged with BNP Paribas Bank Polska.

On 10 October 2014, the Management Boards of BGŻ and BNP Paribas Bank Polska agreed and announced a merger plan of for the two banks. The overall strategy of BNP Paribas Group behind this merger is to create a larger, though still medium-sized, universal bank in Poland.

It is anticipated that the merger will bring together the strengths of BNP Paribas as an international banking group with the expertise of a high quality Polish bank specialising in the agrifood sector and with a national network and an expertise in digital banking.

The merger will be effected by transferring all assets and liabilities of BNP Paribas Bank Polska to BGŻ, with a concurrent share capital increase in BGŻ. In exchange for 6 shares of BNP Paribas Polska, the shareholders of BNP Paribas Polska will receive 5 new BGŻ shares. As a result of the merger, BGŻ will assume all rights and obligations of BNP Paribas Bank Polska and BNP Paribas Bank Polska will be wound-up without liquidation proceedings.

The merger, which will be finalised only after obtaining all necessary regulatory approvals and permits, is expected to be completed in the first half of 2015. The merged bank will operate under the name BGŻ BNP Paribas Polska.

Consequent on the merger between BNP Paribas Polska and BGŻ, BNP Paribas Fortis will lose control in BNP Paribas Polska, though it is anticipated that the Bank will retain a stake of around 28.3% in the merged entity, taking the form of an investment in an associate.

According to IFRS5 'Non-current Assets Held for Sale and Discontinued Operations', being committed to a plan involving loss of control of a subsidiary triggers classification as held for sale of all assets and liabilities of the subsidiary. All assets and liabilities of BNP Paribas Polska are therefore deemed to be a disposal group and have now been classified as 'held for sale' and presented separately from other assets and liabilities in the Financial Statement at 31 December 2014.

BNP Paribas Fortis does not regard BNP Paribas Polska as a 'discontinued operation' because it is not an operation of significant size, BNP Paribas Polska is not an 'operating segment' as defined for the purposes of BNP Paribas Fortis' segment reporting and the merger between BNP Paribas Polska and BGŻ is a transaction under common control, not a strategic shift in operations at the level of BNP Paribas Fortis and the BNP Paribas Group.

Major classes of assets and liabilities classified as held for sale

The assets and liabilities classified as held for sale as at 31 December 2014 are shown below.

In millions of euros	31 December 2014	31 December 2013
ASSETS		
Cash and amounts due from central banks and post office banks	351	
Financial assets at fair value through profit or loss	31	
Derivatives used for hedging purposes	2	
Available-for-sale financial assets	513	
Loans and receivables due from credit institutions	264	
Loans and receivables due from customers	3,995	
Re-measurement adjustment on interest-rate risk hedged portfolios	-	
Held-to-maturity financial assets	-	
Current and deferred tax assets	46	
Accrued income and other assets	32	
Investments in associates	-	
Investment property	-	
Property, plant and equipment	23	
Intangible assets	17	
Goodwill	-	
TOTAL ASSETS	**5,274**	**-**
LIABILITIES		
Due to central banks and post office banks	-	
Financial liabilities at fair value through profit or loss	32	
Derivatives used for hedging purposes	-	
Due to credit institutions	1,607	
Due to customers	2,904	
Debt securities	-	
Re-measurement adjustment on interest-rate risk hedged portfolios	2	
Current and deferred tax liabilities	3	
Accrued expenses and other liabilities	69	
Provisions for contingencies and charges	10	
Subordinated debt	108	
TOTAL LIABILITIES	**4,735**	**-**

8.d Remuneration and benefits awarded to the BNP Paribas Fortis corporate officers

The remuneration policy for the Board of Directors and Executive Board did not change significantly during 2014.

8.d.1 Remuneration of the Members of the Board of Directors

Remuneration policy with regard to the Members of the Board of Directors

Executive and non-Executive Members of the Board of Directors receive Board remuneration based on the principles set out below, as approved by the General Shareholders' Meeting of 24 April 2014, during which the principle of keeping the maximum Board remuneration at a total of EUR 1.5 million per annum was confirmed.

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 benefits[1].

Remuneration for the year

The table below shows the gross Board remuneration paid in 2014 to each member of the Board of Directors.

In euros		Fixed fees	Attendance fees board*	Total 2014
Herman DAEMS	Chairman	50,000	84,000	134,000
Didier BEAUVOIS	Executive (as from 01/07/2014)	12,500	12,000	24,500
Jean-Laurent BONNAFÉ	Non-Executive	25,000	6,000	31,000
Dirk BOOGMANS	Non-Executive	25,000	84,000	109,000
Georges CHODRON de COURCEL	Vice Chairman (until 30/06/2014)	12,500	8,000	20,500
Antoinette D'ASPREMONT LYNDEN	Non-Executive	25,000	62,000	87,000
Stefaan DECRAENE	Non-Executive	25,000	14,000	39,000
Filip DIERCKX	Executive	25,000	20,000	45,000
Sophie DUTORDOIR	Non-Executive	25,000	46,000	71,000
Maxime JADOT	Executive	25,000	20,000	45,000
Thomas MENNICKEN	Executive	25,000	16,000	41,000
Alain PAPIASSE	Non-Executive	25,000	6,000	31,000
Dominique RÉMY	Executive (until 08/05/2014)	6,250	4,000	10,250
Jean STÉPHENNE	Non-Executive	25,000	16,000	41,000
Peter VANDEKERCKHOVE	Executive	25,000	18,000	43,000
Thierry VARÈNE	Non-Executive	25,000	18,000	43,000
François VILLEROY DE GALHAU	Non-Executive	25,000	18,000	43,000
Total		**406,250**	**452,000**	**858,250**

* *This column includes the Board fees for all Committees*

** *The remuneration paid to Luc Vansteenkiste as permanent invitee amounted to EUR 45,000.*

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 regarding the Members of the Executive Board

The Members of the Executive Board have self-employed status and receive a Board remuneration based on the same principles as non-Executive Members. In addition, 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, mobile phone and internet); and the opportunity to obtain share-based long-term incentive payments. Their remuneration is subject to strict regulation under CRD IV and the Belgian Banking Law.

The remuneration structure and policy on levels of remuneration are determined by the Board of Directors upon a recommendation from the Remuneration Committee with reference to common practices and market benchmarking for determining appropriate executive management compensation, and with guidance from specialised consultancy firms. Governance relating to remuneration followed the same principles and processes as last year and it is expected to continue to do so in the coming years.

Performance criteria used to determine variable remuneration

The entire 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 on the scoring in close discussion with the Chairman of the Board of Directors. An overall assessment is also made by the Risk and Compliance departments.

Individual performance is assessed in the light of the degree of attainment of personal objectives and managerial performance as assessed by the Board of Directors in terms of the following four management principles:

- **Client Focus**: inspiring people to focus in an innovative way on the client first and foremost, as the interests of the client must always be central to the action;
- **Risk-Aware Entrepreneurship**: undertaking initiatives for development and efficiency while being accountable, by:
  - Acting in an interdependent and cooperative way with the other entities to serve the overall interests of the Group and its clients
  - Being continuously vigilant as to the risks related to one's area of responsibility and empowering staff to do the same;
- **People Care**: caring for our people, by showing them respect, promoting equal opportunities and developing their talents and skills;
- **Lead by example**: setting an example through one's own behaviour and ethical conduct by following the regulations, applying the compliance rules and behaving in a socially responsible manner.

Team performance based on Bank Key Performance Indicators (KPIs)

Collective performance is based on Key Performance Indicators (KPIs) designed to show that the Executive Board is acting as a single Team. Every year, the Bank draws up a strategic plan, from which are derived indicators enabling the Executive Board to measure and assess the Bank performance. The performance criteria measured for each business are: financial results, cost management, risk management/compliance, long term developments, Corporate Social Responsibility, and people management. On a yearly basis, the Executive Board receives a score for its overall performance.

The appraisal period during which performance is assessed is January to December of each year. The methods used to assess the performance against targets are both qualitative (customer satisfaction, sound risk governance, Global People Survey results, people management, etc.) and quantitative (net operating profit, gross income, increase in market share, etc.).

Future performance applied to the deferred part of the variable remuneration

The variable part of the remuneration is subject to the deferral principle, whereby the deferred part is conditional on the 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 2014, including benefits in kind and Director's fees.

	2014		2013	
	Chief Executive Officer	Other Members of the Executive Board	Chief Executive Officer	Other Members of the Executive Board
Remuneration				
Fixed [4]	928,513	2,765,057	928,513	3,157,488
Cash part of variable	100,000	315,000		
Deferred part of variable		30,000		
Multi-annual variable compensation [1]	245,000	312,000	245,000	375,000
Director's fees	45,000	163,750	43,000	170,000
Benefits in Kind [2]	7,832	238,242	8,350	242,779
Pension, life insurance and orphan's pension [3]	268,502	519,789	264,590	487,067
Total	**1,594,847**	**4,343,838**	**1,489,453**	**4,432,334**

1 *In order to fully comply with the EU Capital Requirement Directive IV applicable to the Credit Institutions, the multi-annual variable compensation indicated is from now on the amount related to the performance of the year under review and not the amount allocated during the year under review. Thus, the allocation timing rule of the mutli-annual variable compensation is aligned on that of the annual variable compensation. Consequently, the multi-annual variable compensation taken into account in the total compensation reported in 2013 is that awarded by the Board of Directors on March 20 2014. Likewise, the multi-annual variable compensation taken into account in the total compensation reported in 2014 is that awarded by the Board of Directors on March 19 2015.*

2 *The members of the Executive Board each have a company car and a mobile phone. Reimbursement of school fees are included in the reported benefits in kind.*

3 *For defined contribution plan and defined benefit plan: sum of employer contributions.*

4 *Gross rental allowances are included in the reported fixed remuneration.*

Information on multi-annual variable compensation

2013

The International Sustainability and Incentive Scheme ('ISIS') is designed to have selected key BNP Paribas employees involved in the Group's value growth. The scheme is intended to reward, retain and motivate the beneficiaries, and to fairly compensate them by aligning their interests with the operational performance of the Group. Part of the ISIS Award at grant date is subject to a condition based on the Corporate Social Responsibility ('CSR') performance, as it is considered essential that the Group acts at all levels and in a significant way, to promote greater environmental, economic and social responsibility.

To this end, 80% of the granted award is indexed according to the BNP Paribas Group Operating income variation between 2013 and 2016 and 20% of the granted award is indexed according to the Group CSR performance (based on 9 criteria to be assessed following the end of the 2016 financial year).

The ISIS Award is a cash amount denominated in local currency and will be paid on 30 June 2017.

2014

The Contingent Sustainable and International Scheme ('CSIS') is designed to compensate Material Risk Takers identified as key employees of BNP Paribas Group for their performance on terms that are compliant with EU rules, provided that they act in the long-term interests of the BNP Paribas Group. The scheme is intended to support the effective alignment of compensation with prudent risk-taking behaviour. In compliance with the Capital Requirements Directive 4 (CRD4), the CSIS provides for the award of instruments that can be fully written down to adequately reflect the credit quality of the institution as a going concern.

To this end, payments under the CSIS will be cancelled if the BNP Paribas Group finds that its credit quality has deteriorated as would be evidenced by a fall of the Group's Common Equity Tier 1 ratio (CET1 ratio) below a level of 7% or the Group's entry into a resolution procedure.

In addition, in order to reflect the Group ambition to growth while acting with environmental, economic and social responsibility, the Group has also decided:

- to make:
  - 85% of the CSIS Award subject to a condition based on the operating performance of the Group ('Group Performance Indicator – GPI');
  - 15% of the CSIS Award subject to a condition based on the Corporate Social Responsibility ('CSR') performance, as it is considered essential that the BNP Paribas Group acts at all levels, and in a significant way, to promote greater environmental, economic and social responsibility; and

- to condition any payment under the scheme to the 2017 Group Pre-Tax Income being positive.

The CSIS Award is a cash amount denominated in local currency (the 'Notional Instrument Amount') bearing an interest rate (the 'Interest Amount').

The Vesting Period starts on 1 January 2015 and ends on 1 January 2018. There is a retention period of 6 months between 1 January 2018 and 30 June 2018. The beneficiary is entitled to receive on the Date of Payment an amount of interest calculated from 1 January 2018 to 30 June 2018. The annual interest rate is equal to 1.70%.

Information on severance pay

At the General Shareholders' Meeting of 24 April 2014, the following proposal was been approved. All members of the Executive Board and the Executive Committee who haave worked for the Company for at least 20 years by the time they leave will be entitled to contractual severance pay of 18 months fixed remuneration plus variable compensation.

In 2014, termination benefits were paid to one member of the Board of Directors, amounting to EUR 113,080.67 gross, equivalent to three months of fixed remuneration.

8.e Related parties

Parties related to BNP Paribas Fortis

Parties related to BNP Paribas Fortis as at 31 December 2014 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 2014 include the following:

- consolidated companies including entities consolidated under 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.

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 companies over which BNP Paribas Fortis exercises significant influence and are accounted for by the equity method.

Related parties balance sheet items:

In millions of euros	31 December 2014			Restated 31 December 2013		
	Entities of the BNP Paribas Group	Joint ventures	Associates	Entities of the BNP Paribas Group	Joint ventures	Associates
ASSETS						
Loans, advances and securities						
Demand accounts	1,384	-	39	1,433	6	23
Loans	9,516	-	1,270	13,199	6	1,124
Securities	243	-	35	300	-	5
Finance leases	-	-	-	-	-	-
Non-trading securities held in the portfolio	-	-	86	-	4	86
Other assets	3,207	2	76	648	15	75
Total	**14,350**	**2**	**1,506**	**15,580**	**31**	**1,313**
LIABILITIES						
Deposits						
Demand accounts	459	125	256	844	84	565
Other borrowings	8,846	36	2,399	9,956	-	2,260
Debt securities	1,371	(1)	9	1,502	124	14
Other liabilities	273	-	21	258	-	10
Total	**10,949**	**160**	**2,685**	**12,560**	**208**	**2,849**
FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS						
Financing commitments given	916	3,019	1,757	706	-	81
Guarantee commitments given	6,934	-	143	7,715	58	152
Total	**7,850**	**3,019**	**1,900**	**8,421**	**58**	**233**

BNP Paribas Fortis also carries out trading transactions with related parties involving derivatives (swaps, options and forwards, etc.) and financial instruments (equities, bonds, etc.), which are not included in the table above.

The line 'Financing commitments given' of EUR 3,019 million as at 31 December 2014 is mainly related to the securities given as collateral by BNP Paribas Fortis to bpost bank.

Related-party profit and loss items:

In millions of euros	Year to 31 Dec. 2014			Restated Year to 31 Dec. 2013		
	Entities of the BNP Paribas Group	Joint ventures	Associates	Entities of the BNP Paribas Group	Joint ventures	Associates
Interest income	402	-	32	390	33	16
Interest expense	(363)	(1)	(30)	(412)	-	(1)
Commission income	138	3	453	159	4	455
Commission expense	(48)	-	(4)	(72)	-	(6)
Services provided	1	1	1	-	1	-
Services received	-	-	-	-	-	-
Lease income	1	-	3	1	-	3
Total	**131**	**3**	**455**	**66**	**38**	**467**

BNP Paribas Fortis also carries out trading transactions with related parties involving derivatives (swaps, options and forwards, etc.) These transactions have been excluded.

Relations with key management personnel

At 31 December 2014, total outstanding loans granted directly or indirectly to the members of the Board of Directors amounted to EUR 4.199 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 constitute normal transactions carried out on an arm's length basis.

8.f Minority interests

Main minority interests

The main minority interests are represented by non-BNP Paribas Fortis shareholders who hold 50% of the BGL BNP Paribas group in Luxembourg. The assessment of the material nature of minority interests is based on the contribution of the relevant subsidiaries to the BNP Paribas Fortis' balance sheet (before elimination of intra-group balances and transactions) and to the BNP Paribas Fortis' profit and loss account.

	31 December 2014	Year to 31 Dec. 2014						
In millions of euros	Total assets before elimination of intra-group transactions	Revenues	Net income	Net income and changes in assets and liabilities recognised directly in equity	Interest (%)	Net income attributable to minority interests	Net income and changes in assets and liabilities recognised directly in equity - attributable to minority interests	Dividends paid to minority shareholders
BGL BNP Paribas Group	41,068	1,347	432	617	50%	259	359	226
Other minority interests						158	374	-
TOTAL						**417**	**733**	**226**

	31 December 2013	Year to 31 Dec. 2013						
In millions of euros	Total assets before elimination of intra-group transactions	Revenues	Net income	Net income and changes in assets and liabilities recognised directly in equity	Interest (%)	Net income attributable to minority interests	Net income and changes in assets and liabilities recognised directly in equity - attributable to minority interests	Dividends paid to minority shareholders
BGL BNP Paribas Group	40,201	1,397	443	401	50%	282	248	134
Other minority interests						6	(95)	-
TOTAL						**288**	**153**	**134**

There are no particular contractual restrictions on the assets of the BGL BNP Paribas Group relating to the presence of the minority shareholder.

8.g Significant restrictions in subsidiaries, associates and joint ventures

Significant restrictions relating to the ability of entities to transfer cash to BNP Paribas Fortis

The ability of entities to pay dividends or to repay loans and advances depends, inter alia, on local regulatory requirements for capitalisation and legal reserves, as well as the entities' financial and operating performance. During 2013 and 2014, no BNP Paribas Fortis entity was subject to significant restrictions other than those arising from regulatory requirements.

Significant restrictions relating to BNP Paribas Fortis' ability to use the assets lodged in consolidated structured entities

Access to the assets of consolidated structured entities in which third-party investors (other than BNP Paribas Group entities) have invested is limited in so far as these entities' assets are reserved for the holders of units or securities. These assets totalled EUR 1.5 billion as at 31 December 2014 (versus EUR 2.4 billion as at 31 December 2013).

Significant restrictions relating to BNP Paribas Fortis' ability to use assets pledged as collateral or under repurchase agreements

The financial instruments pledged by BNP Paribas Fortis as collateral or under repurchase agreements are reported in Note 6.c 'Other guarantee commitments' and 5.p 'Transfers of financial assets'.

Significant restrictions relating to liquidity reserves

Total mandatory deposits with central banks and other regulators amounted to EUR 3.3 billion as at 31 December 2014 (compared with EUR 7.2 billion at 31 December 2013).

8.h Structured entities

BNP Paribas Fortis considers that it has sponsored a structured entity when it has been involved in its design.

BNP Paribas Fortis engages in transactions with sponsored structured entities primarily through its activities of:

- securitisation of financial assets as either the originator or the sponsor;
- fund manager;
- specialised asset financing.

In addition, BNP Paribas Fortis also engages in transactions with structured entities which it has not sponsored, notably in the form of investments in funds or securitisation vehicles.

The method for assessing control of structured entities is detailed in Note 1.c.2. 'Consolidation methods'.

Consolidated structured entities

The main categories of consolidated structured entities are:

ABCP (Asset-Backed Commercial Paper) conduits: the Scaldis ABCP securitisation conduits are securitisation transactions managed by BNP Paribas Fortis on behalf of its customers. Details on how these are financed and BNP Paribas Fortis' risk exposure are reported in Note 4.d 'Risk Management and capital adequacy' (Note 4.d.3 'Securitisation as sponsor on behalf of clients / Short-term refinancing')

Proprietary securitisation: proprietary securitisation positions originated and held by BNP Paribas Fortis are detailed in Note 4.d 'Risk Management and capital adequacy' (Note 4.d.3 'Proprietary securitisation activities (originator under Basel II)') and in the Note 8.q Additional information on the Bass and Esmée securitisation.

Unconsolidated structured entities

BNP Paribas Fortis has entered into relations with unconsolidated structured entities in the course of its business activities in order to meet the needs of its customers.

Information relating to interests in sponsored structured entities

The main categories of unconsolidated sponsored structured entities are as follows:

Securitisation: BNP Paribas Fortis structures securitisation vehicles for the purposes of offering customers financing solutions for their assets. Each vehicle finances the purchase of customers' assets (receivables, bonds, etc.) primarily by issuing bonds backed by these assets, whose redemption is linked to their performance.

Funds: BNP Paribas Fortis structures and manages funds in order to offer investment opportunities to its customers. Dedicated or public funds are offered to institutional and individual customers, and are distributed and commercially monitored by BNP Paribas Fortis. The BNP Paribas Fortis entities responsible for managing these funds may receive management fees and performance commission. Moreover, BNP Paribas Fortis may hold units in these funds.

Asset financing: BNP Paribas Fortis finances structured entities that acquire assets (ships, export finance etc.) intended for lease, and the lease payments received by the structured entity are used to repay the financing, which is guaranteed by the asset held by the structured entity.

Other: On behalf of its customers, BNP Paribas Fortis may also structure entities which invest in assets or are involved in debt restructuring.

An interest in an unconsolidated structured entity is a contractual or non-contractual link that exposes BNP Paribas Fortis to variable returns from the performance of the entity.

BNP Paribas Fortis' assets and liabilities relating to the interests held in sponsored structured entities are as follows:

In millions of euros, at 31 December 2014	Securitisation	Funds	Asset Financing	Others	Total
INTERESTS ON BNP Paribas FORTIS BALANCE SHEET					
ASSETS					
Trading Book	1	-	2	61	64
Instruments designated as at fair value through profit or loss	-	1	-	-	1
Available-for-sale financial assets	-	1	1	8	10
Loans and receivables	907	-	150	144	1,201
Other assets	-	-	-	2	2
TOTAL ASSETS	**908**	**2**	**153**	**215**	**1,278**
LIABILITIES					
Trading Book	-	157	-	4	161
Instruments designated as at fair value through profit or loss	-	44	-	-	44
Financial liabilities carried at amortised cost	1	1,881	9	110	2,001
Other liabilities	-	-	-	-	-
TOTAL LIABILITIES	**1**	**2,082**	**9**	**114**	**2,206**
MAXIMUM EXPOSURE TO LOSS	**908**	**2**	**175**	**434**	**1,519**
SIZE OF THE STRUCTURED ENTITIES	**22,314**	**3,251**	**3,702**	**482**	**29,749**

The information on the size of sponsored structured entities varies according to their nature.

Accordingly, the following financial information is used to assess size:

- Securitisation: total assets of the structured entity, given in the most recent report to investors;
- Funds managed by BNP Paribas Fortis: net asset value of the fund;
- Other structured entity: the structured entity's total assets or, if no information is available, the amount of BNP Paribas Fortis' commitment.

BNP Paribas Fortis' maximum exposure to losses on sponsored structured entities is the nominal amount of the cash loss incurred.

It is composed of the carrying amount of the assets, excluding, for available-for-sale financial assets, changes in the carrying amount taken directly to equity, plus the nominal amount of the financing commitments and guarantee commitments given and the notional amount of credit default swaps (CDS) sold.

Information relating to interests in non-sponsored structured entities

The main interests held by BNP Paribas Fortis when it acts solely as an investor in non-sponsored structured entities are detailed below:

- **Units in other funds not managed by BNP Paribas Fortis:** as part of its trading business, BNP Paribas Fortis invests in structured entities without any involvement in either managing or structuring these entities (investments in mutual funds, securities funds or alternative funds), particularly as economic hedge for structured products sold to customers. BNP Paribas Fortis also invests in minority holdings in support of companies as part of its venture capital business. These investments amounted to EUR 0.7 billion as at 31 December 2014.

- **Investments in securitisation vehicles:** the breakdown of the BNP Paribas Fortis' exposure and the nature of the securities held are presented in the Note 4.d 'Risk Management and capital adequacy' (4.d.3 Securitisation - Securitisation as Investor).

8.i Balance sheet by maturity

The table below gives a breakdown of the balance sheet by contractual maturity. The maturities of the 'trading portfolio' reported 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 reported 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'.

In millions of euros, at 31 December 2014	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		10,758						10,758
Financial assets at fair value through profit or loss	19,688							19,688
Derivatives used for hedging purposes	1,948							1,948
Available-for-sale financial assets	595		939	1,739	1,296	14,552	13,542	32,663
Loans and receivables due from credit institutions	66	2,377	2,207	626	1,093	6,338	1,500	14,207
Loans and receivables due from customers		11,037	22,390	13,877	15,076	40,709	63,762	166,851
Re-measurement adjustment on interest-rate risk hedged portfolios	1,445							1,445
Held-to-maturity financial assets			10	551		320	260	1,141
Financial assets by maturity	**23,742**	**24,172**	**25,546**	**16,793**	**17,465**	**61,919**	**79,064**	**248,701**
Due to central banks		337						337
Financial liabilities at fair value through profit or loss	22,329		55	318	632	2,612	1,466	27,412
Derivatives used for hedging purposes	4,380							4,380
Due to credit institutions		1,259	3,978	2,390	3,391	3,625	829	15,472
Due to customers		127,969	13,998	15,717	3,777	3,714	2,625	167,800
Debt securities			1,442	3,600	4,970	1,776	275	12,063
Subordinated debt	127		31	167	102	3,241	665	4,333
Re-measurement adjustment on interest-rate risk hedged portfolios	1,250							1,250
Financial liabilities by maturity	**28,086**	**129,565**	**19,504**	**22,192**	**12,872**	**14,968**	**5,860**	**233,047**

In millions of euros Restated 31 December 2013	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		10,031						10,031
Financial assets at fair value through profit or loss	18,402							18,402
Derivatives used for hedging purposes	1,231							1,231
Available-for-sale financial assets	571		617	1,874	1,022	14,817	9,596	28,497
Loans and receivables due from credit institutions	66	2,703	4,168	1,304	2,474	6,113	2,615	19,443
Loans and receivables due from customers		5,175	12,831	8,989	17,057	47,648	67,851	159,551
Re-measurement 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	**20,897**	**17,909**	**17,626**	**12,209**	**20,658**	**69,158**	**80,592**	**239,049**
Due to central banks		136						136
Financial liabilities at fair value through profit or loss	17,706		27	97	261	3,402	1,064	22,557
Derivatives used for hedging purposes	2,078							2,078
Due to credit institutions		2,294	3,972	2,686	3,320	4,640	992	17,904
Due to customers		122,716	11,906	6,191	4,564	8,131	3,280	156,788
Debt securities			3,146	4,777	5,153	1,108	1,478	15,662
Subordinated debt	1,123		62	196	729	3,314	858	6,282
Re-measurement adjustment on interest-rate risk hedged portfolios	256							256
Financial liabilities by maturity	**21,163**	**125,146**	**19,113**	**13,947**	**14,027**	**20,595**	**7,672**	**221,663**

The majority of the financing and guarantee commitments given, which amounted to EUR 50,907 million and EUR 23,810 million respectively at 31 December 2014 (EUR 38,289 million and EUR 25,417 million respectively at 31 December 2013), can be drawn at sight.

8.j 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 2014 can be detailed by accounting category as follows:

In millions of euros	31 December 2014	31 December 2013
SCI under 'Financial assets at fair value through profit and loss'	56	27
SCI under 'Loans and receivables'	4,835	6,250
TOTAL	**4,891**	**6,277**

This net exposure as at 31 December 2014 can be further detailed by type of assets as follows:

In millions of euros	31 December 2014	31 December 2013
RMBS	1,315	1,465
CMBS	150	266
CLOs	511	1,038
Other ABS	2,915	3,508
TOTAL	**4,891**	**6,277**

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' (see Note 5.e 'Financial instruments reclassified as loans and receivables'). This reclassification related to financial assets that were previously recognised as available-for-sale investments, assets held for trading, and other assets.

The financial assets reclassified to loans and receivables are summarised in the following table:

		Year to 31 Dec. 2014		Year to 31 Dec. 2013	
In millions of euros	Carrying amount as of reclassification date	Carrying value	Market or model value	Carrying value	Market or model value
Financial assets reclassified from the trading portfolio	**108**	**150**	**161**	**182**	**193**
- Into loans and receivables due from customers	108	150	161	182	193
Financial assets reclassified from the available-for-sale portfolio	**21,312**	**4,071**	**4,318**	**5,068**	**5,339**
- Into loans and receivables due from customers	21,312	4,071	4,318	5,068	5,339
Financial assets reclassified from the other assets portfolio	**2,030**	**430**	**430**	**818**	**819**
- Into loans and receivables due from customers	2,030	430	430	818	819
Total portfolio reclassified into loans and receivables	**23,450**	**4,651**	**4,909**	**6,068**	**6,351**

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. Subsequently 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 account for the further decrease in 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. 2014	Year to 31 Dec. 2013
Profit or loss and equity items (before tax) related to reclassified assets as recorded	**(263)**	**(335)**
Profit or loss items	**98**	**95**
- Interest income	43	61
- Gains or losses on financial assets	6	7
- Cost of risk	42	19
- Other	7	8
Equity items	**(361)**	**(430)**
Impact on Profit or loss and equity items (before tax) if assets had not been reclassified	**220**	**217**
Profit or loss items	**7**	**8**
Equity items	**213**	**209**

8.k 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:

Banking Book In millions of euros	31 December 2014	Restated 31 December 2013
Eurozone		
Belgium	13,673	13,798
Netherlands	3,759	3,227
Italy	1,246	1,070
France	1,028	1,079
Austria	947	104
Spain	692	556
Finland	195	196
Luxembourg	189	131
Germany	144	120
Cyprus		8
Countries receiving support		
Portugal	419	545
Ireland	134	132
Total eurozone	**22,426**	**20,966**

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	Carrying value	Expected cash flows deemed recoverable	Average effective interest rate
	Assets reclassified as loans and receivables			
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 2014

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:

Remaining time to maturity In millions of euros	1 year	2 years	3 years	5 years	10 years	> 10 years	Total
	31 December 2014						
Ireland							
Loans and receivables				134			134
Portugal							
Loans and receivables	64	53	111	84	24	64	400
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 2014	
	Carrying value	Market or model value
Sovereign securities reclassified as loans and receivable due from customers	**534**	**642**
of which Greek sovereign securities		
of which Portuguese sovereign securities	*400*	*464*
of which Irish sovereign securities	*134*	*178*

In profit and loss and as a direct change in equity:

In millions of euros	31 December 2014	
	Reported	Pro forma amount for the period
In profit and loss	**41**	**41**
in revenues	**41**	**41**
of which Greek sovereign securities		
of which Portuguese sovereign securities	*34*	*34*
of which Irish sovereign securities	*7*	*7*
in cost of risk		
of which Greek sovereign securities		
as direct change in equity (before tax)	**27**	**50**
of which Greek sovereign securities		
of which Portuguese sovereign securities	*22*	*40*
of which Irish sovereign securities	*5*	*10*
Total profit and loss impact and direct changes in equity resulting from reclassified items	**68**	**91**

8.l 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 2014. 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 in question the overall valuation of BNP Paribas Fortis.

	31 December 2014		Restated 31 December 2013	
In millions of euros	**Carrying value [1]**	**Estimated fair value**	**Carrying value [1]**	**Estimated fair value**
FINANCIAL ASSETS				
Loans and receivables due from credit institutions	14,207	14,219	19,443	19,443
Loans and receivables due from customers [2]	155,904	159,737	148,698	153,564
Held-to-maturity financial assets	1,141	1,192	1,267	1,303
FINANCIAL LIABILITIES				
Due to credit institutions	15,472	15,472	17,904	17,888
Due to customers	167,800	168,549	156,788	157,523
Debt securities	12,063	12,276	15,662	15,629
Subordinated debt	4,333	4,352	6,282	6,007

(1) *The carrying amount does not include the re-measurement of portfolios of financial instruments in fair value hedging relationships. At 31 December 2014, this is included under 'Re-measurement adjustment on interest-rate risk hedged portfolios' EUR 1,445 million under assets, and EUR 1,250 million under liabilities (respectively EUR 627 million and EUR 256 million, at 31 December 2013).*

(2) *Excluding finance lease*

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 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 the 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	-	14,219	-	14,219
Loans and receivables due from customers [1]	5.g	642	12,280	146,815	159,737
Held-to-maturity financial assets	5.i	390	802	-	1,192
FINANCIAL LIABILITIES					
Due to credit institutions	5.f	-	15,472	-	15,472
Due to customers	5.g	-	168,549	-	168,549
Debt securities	5.h	-	12,276	-	12,276
Subordinated debt	5.h	-	4,352	-	4,352

(1) Excluding finance lease

8.m 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') in late September and early 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 as 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.

This also includes the judgement rendered by the Court of Appeal of Amsterdam on 29 July 2014 ruling that Fortis (today Ageas) is liable for having made misleading statements and having communicated in a misleading way in the period between 29 September and 1 October 2008. 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.

8.n Fees paid to the statutory auditors

The breakdown of the fees paid to the statutory auditors for the year 2014 and 2013 is as follows:

Year to 31 Dec. 2014	Deloitte		PricewaterhouseCoopers Audit		TOTAL	
Excluding tax, in thousands of euros	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Audit						
Statutory audits and contractual audits, including:	973	30%	2,898	89%	3,871	60%
- BNP Paribas Fortis	*677*	*21%*	*857*	*26%*	*1,534*	*24%*
- Consolidated subsidiaries	*296*	*9%*	*2,041*	*63%*	*2,337*	*36%*
Other reviews and services directly related to the statutory audit mandate, including:	416	13%	135	5%	551	8%
- BNP Paribas Fortis	*416*	*13%*	*52*	*2%*	*468*	*7%*
- Consolidated subsidiaries		*0%*	*83*	*3%*	*83*	*1%*
Total audit	**1,389**	**42%**	**3,033**	**93%**	**4,422**	**68%**
Non Audit						
Tax and legal	-	0%	212	7%	212	3%
- BNP Paribas Fortis		*0%*	*212*	*7%*	*212*	*3%*
- Consolidated subsidiaries		*0%*		*0%*	*-*	*0%*
Others	1,889	57%	4	0%	1,893	29%
- BNP Paribas Fortis	*989*	*30%*	*4*	*0%*	*993*	*15%*
- Consolidated subsidiaries	*900*	*27%*		*0%*	*900*	*14%*
Total non audit	**1,889**	**58%**	**216**	**7%**	**2,105**	**32%**
TOTAL	**3,278**	**100%**	**3,249**	**100%**	**6,527**	**100%**

Year to 31 Dec. 2013	Deloitte		PricewaterhouseCoopers Audit		TOTAL	
Excluding tax, in thousands of euros	Amount	%	Amount	%	Amount	%
Audit						
Statutory audits and contractual audits, including:	821	28%	2,619	94%	3,440	60%
- BNP Paribas Fortis	*650*	*22%*	*966*	*35%*	*1,616*	*28%*
- Consolidated subsidiaries	*171*	*6%*	*1,653*	*59%*	*1,824*	*32%*
Other reviews and services directly related to the statutory audit mandate, including:	21	0%	118	4%	139	3%
- BNP Paribas Fortis	*13*	*0%*	*40*	*1%*	*53*	*1%*
- Consolidated subsidiaries	*8*	*0%*	*78*	*3%*	*86*	*2%*
Total audit	**842**	**28%**	**2,737**	**98%**	**3,579**	**63%**
Non Audit						
Tax and legal	15	1%	3	0%	18	0%
- BNP Paribas Fortis	*-*	*0%*	*3*	*0%*	*3*	*0%*
- Consolidated subsidiaries	*15*	*1%*	*-*	*0%*	*15*	*0%*
Others	2,053	71%	41	2%	2,094	37%
- BNP Paribas Fortis	*251*	*9%*	*14*	*1%*	*265*	*5%*
- Consolidated subsidiaries	*1,802*	*62%*	*27*	*1%*	*1,829*	*32%*
Total non audit	**2,068**	**72%**	**44**	**2%**	**2,112**	**37%**
TOTAL	**2,910**	**100%**	**2,781**	**100%**	**5,691**	**100%**

Fees paid to auditors that are not members of the network of one of the auditors certifying the Consolidated Financial Statements and the Non-consolidated Financial Statements of BNP Paribas Fortis, shown in the table above, amount to EUR 2,421,000 for the year 2014.

8.o Retrospective impact of IFRS 11

As of 1 January 2014, BNP Paribas Fortis has applied IFRS 11 'Joint Arrangements', adopted on 29 December 2012 by the European Union. As this standard has a retrospective effect, the comparative Financial Statements as at 1 January and 31 December 2013 have been restated.

The adoption of IFRS 11 has resulted in BNP Paribas Fortis using the equity method to account for jointly controlled activities conducted via a separate legal entity in which the partners have rights to the net assets. Such activities had hitherto been proportionally consolidated.

The jointly controlled activities conducted via a separate legal entity and now consolidated using the equity method, are identified in Note 8.a 'Scope of Consolidation' (bpost Bank and SREI).

The TEB group has been fully consolidated since 20 December 2013 and having previously been proportionally consolidated. The application of IFRS 11 'Joint Arrangements' led to its consolidation under the equity method until 20 December in the restated 2013 Financial Statements. Thus, the TEB group contributes to the IFRS 11 adjustments to the balance sheet as at 1 January 2013 and to the profit and loss account for 2013. Thereafter, the TEB group is fully consolidated in the balance sheet as at 31 December 2013.

Balance sheet

The following table shows impacts on the balance sheet as at 31 December 2013 arising from the application of the new standard IFRS 11.

In millions of euros	31 December 2013 As published	31 December 2013 Restated IFRS 11
ASSETS		
Cash and amounts due from central banks and post office banks	10,163	10,031
Financial assets at fair value through profit or loss	18,407	18,402
Derivatives used for hedging purposes	1,246	1,231
Available-for-sale financial assets	32,896	28,497
Loans and receivables due from credit institutions	19,460	19,443
Loans and receivables due from customers	160,519	159,551
Re-measurement adjustment on interest-rate risk hedged portfolios	627	627
Held-to-maturity financial assets	1,267	1,267
Current and deferred tax assets	3,775	3,749
Accrued income and other assets	7,243	7,231
Investments in associates	3,007	3,431
Investment property	362	362
Property, plant and equipment	2,015	1,943
Intangible assets	158	142
Goodwill	318	319
Assets classified as held for sale		
Total impact on assets	**261,463**	**256,226**
LIABILITIES		
Due to central banks and post office banks	136	136
Financial liabilities at fair value through profit or loss	22,176	22,164
Derivatives used for hedging purposes	2,078	2,078
Due to credit institutions	18,669	17,904
Due to customers	160,839	156,788
Debt securities	15,918	15,662
Re-measurement adjustment on interest-rate risk hedged portfolios	256	256
Current and deferred tax liabilities	792	694
Accrued expenses and other liabilities	6,746	6,685
Provisions for contingencies and charges	4,110	4,109
Subordinated debt	6,284	6,282
Liabilities classified as held for sale		
Total impact on liabilities	**238,004**	**232,758**
CONSOLIDATED EQUITY		
Share capital and additional paid-in capital	9,605	9,605
Retained earnings	8,137	8,137
Net income for the period attributable to shareholders	638	637
Total capital, retained earnings and net income for the period attributable to shareholders	18,380	18,379
Change in assets and liabilities recognised directly in equity	280	283
Shareholders' equity	**18,660**	**18,662**
Retained earnings and net income for the period attributable to minority interests	4,953	4,953
Change in assets and liabilities recognised directly in equity	(154)	(147)
Total impact on minority interests	**4,799**	**4,806**
Total impact on consolidated equity	**23,459**	**23,468**
Total impact on liabilities and equity	**261,463**	**256,226**

Profit and loss account

The following table shows impacts on profit and loss account as at 31 December 2013 arising from the application of the new standard IFRS 11.

In millions of euros	Year to 31 Dec. 2013 as published	Year to 31 Dec. 2013 restated IFRS 11 consolidated using the equity method	IFRS 11 adjustments	of which : TEB(1)	of which : Other(2)
Interest income	8,068	6,802	1,266	1,006	260
Interest expense	(3,629)	(2,945)	(684)	(527)	(157)
Commission income	2,228	1,959	269	249	20
Commission expense	(671)	(559)	(112)	(89)	(23)
Net gain/loss on financial instruments at fair value through profit or loss	249	249		6	(6)
Net gain/loss on available-for-sale financial assets and other financial assets not measured at fair value	164	129	35	24	11
Income from other activities	596	560	36	13	23
Expense on other activities	(490)	(455)	(35)	(23)	(12)
REVENUES	**6,515**	**5,740**	**775**	**659**	**116**
Salary and employee benefit expenses	(2,575)	(2,353)	(222)	(203)	(19)
Other operating expense	(1,559)	(1,363)	(196)	(159)	(37)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(212)	(183)	(29)	(21)	(8)
GROSS OPERATING INCOME	**2,169**	**1,841**	**328**	**276**	**52**
Cost of risk	(493)	(372)	(121)	(92)	(29)
OPERATING INCOME	**1,676**	**1,469**	**207**	**184**	**23**
Share of earnings of associates	(251)	(122)	(129)	(113)	(16)
Net gain/loss on non-current assets	64	64			
Goodwill					
PRE-TAX INCOME	**1,489**	**1,411**	**78**	**71**	**7**
Corporate income tax	(529)	(486)	(43)	(36)	(7)
NET INCOME BEFORE DISCONTINUED OPERATIONS	**960**	**925**	**35**	**35**	**-**
Net result of discontinued operations					
NET INCOME	**960**	**925**	**35**	**35**	**-**
Net income attributable to minority interests	322	287	35	35	
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS	**638**	**638**	**-**	**-**	**-**

[1] *The figures relate to TEB Bank and TEB Sh A, which are for indicative purpose only.*

[2] *The figures relate to bpost bank and SREI.*

8.p Events after the reporting period

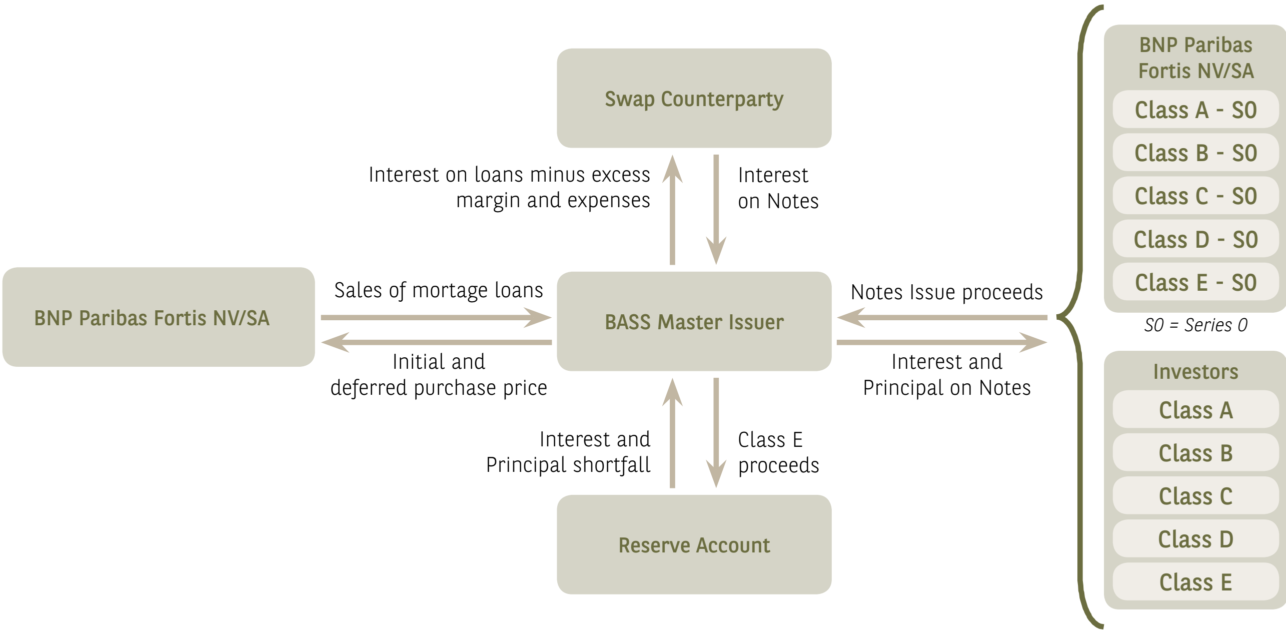
There have been no material events since the balance sheet date that would require adjustments to the Consolidated Financial Statements as at 31 December 2014.

8.q 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% per annum. In 2014 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 2014 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 2014	Date step up	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	15/10/2057	0.82%	0.82%	AAA	Aaa	NR
Bass 2008-1 B0	BE0002365378	525,000,000	840,000,000	15/10/2015	15/10/2057	0.89%	0.89%	AA	Aa3	NR
Bass 2008-1 C0	BE0002366384	525,000,000	840,000,000	15/10/2015	15/10/2057	1.04%	1.04%	A	A2	NR
Bass 2008-1 D0	BE0002367390	700,000,000	1,120,000,000	15/10/2015	15/10/2057	1.64%	1.64%	BB	NR	NR
Bass 2008-1 E0	BE0002368406	157,500,000	252,000,000	15/10/2015	15/10/2057	6.44%	6.44%	NR	NR	NR
Total Bass			**28,252,000,000**							

As at 31 December 2014, BNP Paribas Fortis NV/SA had transferred mortgage loans to the value of EUR 26,738,177,897.32 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

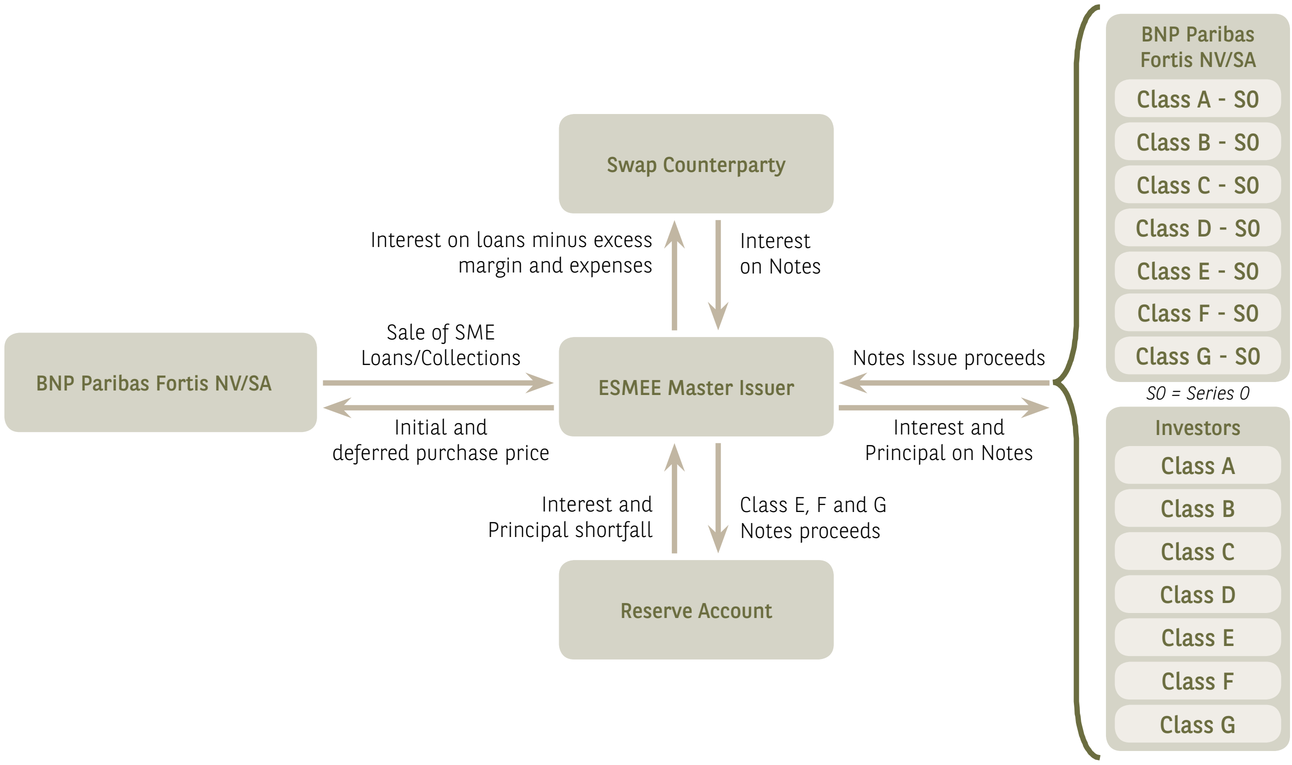
Other rights and obligations

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% per annum.

The bonds issued under the Esmée Master Issuer programme as at 31 December 2014 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 2014	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 2014, 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 7,773,903,731.97.

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 FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014 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 2014, 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 – Unqualified opinion

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 2014, 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 275.206 (000.000) and the consolidated profit and loss account show a net income for the year (group share) of EUR 1.246 (000.000).

Board of directors' responsibility for the preparation of the Consolidated Financial Statements

The board of directors is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and 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 board of directors and the Company's officials 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 2014 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.m to the Consolidated Financial Statements as of 31 December 2014, 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, 31 March 2015

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 2014 (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 this Annual Report.

Comments on the evolution of the Balance Sheet

The **total balance sheet** at 31 December 2014 amounted to EUR 200 billion, an increase of EUR 6 billion or 3% compared with 31 December 2013.

Assets

Cash in hand, balances with central banks and giro offices amounted to EUR 4 billion at 31 December 2014, an increase of EUR 2 billion or 73% on 2013.

The amount of EUR 4 billion at end 2014 consists mainly of assets of the New York branch at the US Federal Reserve (EUR 3 billion).

Amounts receivable from credit institutions stood at EUR 17 billion at 31 December 2014, a decrease of EUR (2) billion or 12% on the 2013 figure, mainly in Belgium.

The receivables of EUR 17 billion comprise current accounts (EUR 5 billion), deposit loans at the National Bank of Belgium (EUR 4 billion), term accounts (EUR 7 billion) and reverse repurchase agreements (EUR 1 billion). At the end of 2014, the amounts receivable from credit institutions represented 8% of total assets, compared to 10% at the end of 2013.

Amounts receivable from customers totalled EUR 94 billion at 31 December 2014, an increase of EUR 6 billion or 6% on 2013, mainly in Belgium and at the branch in Amsterdam.

The receivables of EUR 94 billion consist of term loans (EUR 62 billion), mortgage loans (EUR 15 billion), advances on current accounts (EUR 10 billion), reverse repurchase agreements (EUR 5 billion) and other receivables (EUR 2 billion). At the end of 2014, the amounts receivable from customers represented 47% of the total assets versus 45% at end 2013.

Since 2008, this heading no longer shows the mortgage loans and term loans securitised via 'Special Purpose Vehicles', respectively EUR 28 billion and EUR 8 billion at end 2014. They are reported under the heading 'Debt securities and other fixed-income securities'.

In Belgium, term loans increased by EUR 2 billion and mortgage loans increased by EUR 3 billion versus 2013, due thanks to new production. Advances on current accounts, reverse repurchase agreements and other assets remained stable.

At foreign branches, advances on current accounts increased by EUR 1 billion mainly located at the Amsterdam branch.

Debt securities and other fixed-income securities totalled EUR 63 billion at 31 December 2014. This portfolio decreased by EUR (1) billion or 2% on the 2013 figure, mainly in Belgium.

The amount of EUR 63 billion consists mostly of an investment portfolio of EUR 61 billion containing bonds issued by public authorities (EUR 20 billion), by financial institutions (EUR 1 billion), by 'Special Purpose Vehicles' (EUR 35 billion) and by other issuers (EUR 5 billion). The trading portfolio amounted to EUR 2 billion. Debt securities and other fixed-income securities accounted for 32% of total assets at the end of 2014, from 33% at end 2013.

Financial fixed assets amounted to EUR 8 billion at 31 December 2014, unchanged from the situation at 31 December 2013.

Other assets totalled EUR 3 billion at 31 December 2014, the same level as the previous year.

The amount of EUR 3 billion consists mainly of paid premiums on derivatives, predominantly trading options.

Deferred charges and accrued income amounted to EUR 10 billion at 31 December 2014, an increase of EUR 3 billion or 37% on 2013, mostly in Belgium. This rise relates to accruals on derivatives, essentially on Interest Rate Swaps (EUR 2 billion).

Deferred charges and accrued income represented 5% of total assets at the end of 2014, versus unchanged at the end 2013.

Liabilities

Amounts owed to credit institutions came to EUR 12 billion at 31 December 2014. An increase of EUR 1 billion or 11% from 2013.

The amount of EUR 12 billion consists of sight accounts (EUR 3 billion), term accounts (EUR 3 billion) and repurchase agreements (EUR 6 billion). At end 2014, amounts owed to credit institutions accounted for 6% of total liabilities, unchanged from the previous year.

Amounts payable to clients stood at EUR 145 billion at 31 December 2014. This represents an increase of EUR 7 billion or 5%, on 2013, resulting from an increase of EUR 4 billion in Belgium and EUR 3 billion at the foreign branches.

The amount of EUR 145 billion comprises savings deposits (EUR 62 billion), current accounts (EUR 52 billion), term deposits (EUR 18 billion), repurchase agreements (EUR 6 billion), special deposits (EUR 5 billion) and trading short positions (EUR 2 billion), representing 72% of total liabilities versus 71% at end 2013.

In Belgium, the rise resulted mainly from an increase in sight deposits (EUR 4 billion).

At the foreign branches, this evolution is mainly due to an increase in sight deposits at the Amsterdam branch (EUR 2 billion) and at the New York branch (EUR 2 billion), partly offset by the sale of the Frankfurt branch (EUR (1) billion).

Debts evidenced by certificates totalled EUR 9 billion at 31 December 2014, representing a decrease of EUR (4) billion or 32% in 2014, mainly in Belgium.

The amount of EUR 9 billion consists of certificates of deposit (EUR 4 billion), savings certificates (EUR 4 billion) and non-convertible bonds (EUR 1 billion), representing 5% of total liabilities, compared with 7% at end 2013.

This decline of EUR (4) billion is mainly explained due to decrease of EUR (2) billion in non-convertible bonds, EUR (1) billion in certificates of deposit and EUR (1) billion in savings certificates.

Other amounts payable came to EUR 6 billion at 31 December 2014, an increase of EUR 2 billion or 40% o, the 2013 figure. The amount of EUR 6 billion consists mainly of received premiums on derivatives, predominantly trading options.

Accrued charges and deferred income amounted to EUR 8 billion at 31 December 2014, an increase of EUR 3 billion or 49%, mostly in Belgium. This increase relates to accruals on derivatives, essentially on Interest Rate Swaps (EUR 2 billion).

Accrued charges and deferred income represented 4% of total liabilities at end 2014 compared with 3% at end 2013.

Fund for general banking risks remained unchanged at EUR 872 million at end 2014.

Subordinated liabilities amounted to EUR 6 billion at 31 December 2014, a decrease of EUR (1) billion or 24% on 2013. The decrease is due to the redemption of a subordinated Tier-1 note in 2014.

Shareholders' equity after earnings appropriation, stood at EUR 13 billion at 31 December 2014, an increase of EUR 0.1 billion or 1%. 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 1,336 million, compared to EUR 641 million in 2013.

The result for the year 2014 was characterised by strong commercial performance coupled with strict monitoring of the expenses. The variation compared to 2013 is partly due to the fact that the 2013 result was impacted by impairments on financial fixed assets (EUR (307) million of which EUR (287) million related to the Group's Asset Management entity).

The **interest margin** (Headings I and II) work out at EUR 2,691 million in 2014, an increase of EUR 336 million or 14% on 2013. This variation is the outcome of an increase of EUR 369 million located in Belgium and a decrease of EUR (33) million at the foreign branches.

The increase in Interest income was mainly due to the higher average volume of the term loans portfolio (EUR 7.4 billion), relating mainly to Specialised Finance activities. This increase was partly offset by a EUR (5.1) billion decrease in the Investment Bonds portfolio.

The decline in interest expenses resulted from a drop in interest rates on savings deposits (in spite of a EUR 2.2 billion rise in average volumes) and from the decreasing volume of long-term subordinated debts (EUR (1.5) billion) and other debt represented by a security (EUR (3.8) billion).

The decline at the foreign branches was mainly due to the ongoing integration of foreign branches into other entities of the BNP Paribas Group, partly compensated by the acquisition of the Amsterdam and Oslo branches in the course of 2013.

Income from variable-income securities (Heading III) amounted to EUR 292 million in 2014, a decrease of EUR (137) million or 32% on 2013, mainly due to a fall in dividends received from participating interests.

Commissions (Headings IV and V) amounted to EUR 1,030 million. The decrease of EUR (7) million or 1% on 2013 is the net outcome of a EUR (25) million decline in Belgium and a EUR 18 million increase at the foreign branches.

In Belgium, the decrease is attruable due to Securities and Derivatives operations (EUR (18) million) for which there was less activity in 2014 than in 2013 (mainly for issuance of new securities).

The increase in commission at foreign branches was essentially driven by the ongoing integration of foreign branches into other BNP Paribas Group entities.

Profit on financial operations (Heading VI) amounted to EUR 350 million, up by EUR 124 million.

Profit on financial transactions from trading in securities and other financial instruments amounted to EUR 241 million in 2014, versus EUR 65 million in 2013. The EUR 176 million increase is due inter alia to a better performance in foreign exchange business, by better results on fixed income activities and by the transfer of a provision to 'Amounts written off on the amounts receivable' (EUR 22 million) following the restructuration of a deal.

Disposals of investment securities, mainly government bonds, generated a profit of EUR 109 million in 2014 compared to EUR 160 million in 2013.

General administrative expenses (Heading VII) came to EUR (2,647) million, a decrease of EUR 31 million on 2013.

Remuneration, social charges and pensions decreased by EUR 77 million or 5% compared to 2013, mainly due to a drop in salary expenses following a 5% reduction in the number of FTEs.

Other administrative expenses rose by EUR (46) million in 2014, mainly due to an increase in contributions to the Deposits Guarantee Scheme (EUR (27) million).

Depreciation and amounts written off on formation expenses, intangible and tangible fixed assets (Heading VIII) amounted to EUR (148) million, a decrease of EUR 6 million on 2013.

This development is due to lower amortisations on tangible fixed assets (EUR 7 million on buildings).

Amounts written off on the amounts receivable and the investment portfolio (Headings IX and X) totalled EUR (87) million, versus EUR (266) million in 2013, a decrease of EUR (179) million.

In Belgium, impairments amount to EUR (109) million in 2014, versus EUR (123) millions in 2013, meaning a decrease of EUR (14) million.

In the foreign branches, impairments amounted to EUR 22 million for 2014 (mainly in Madrid), versus EUR (143) million in 2013, i.e. a decrease of EUR 165 million.

Provisions for risks and charges (Headings XI and XII) showed a net reversal of EUR 5 million in 2014 against EUR 18 million in 2013. Both reversals related mainly to litigation provisions, EUR 8 million in 2014 and EUR 14 million in 2013.

Other operating income (Heading XIV) amounted to EUR 224 million, down by EUR 22 million from 2013. This decrease is mainly relates to the re-invoicing of costs to other BNP Paribas Group entities.

Other operating charges (Heading XV) amounted to EUR (330) million for 2014, up by EUR (70) million from end 2013. This increase is mainly explained by EUR (40) million rise in taxation on regular deposits,due to both volume and rate effects.

Extraordinary income (Heading XVII) came in at EUR 84 million for 2014, relating to the reversal of impairments on financial fixed assets (EUR 15 million, reported under Heading XVII B, of which EUR 9 million at Fortis Private Equity Belgium), realised gains on financial fixed assets (EUR 7 million, reported under Heading XVII D), realised gains on tangible fixed assets (EUR 8 million, reported under Heading XVII D) and other extraordinary income (EUR 51 million, reported under Heading XVII E, including a EUR 24 million relating to the sale of the Frankfurt branch).

In 2013, the extraordinary income of EUR 233 million resulted mainly from the reversal of impairments on financial fixed assets (EUR 82 million, reported 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, reported 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, reported under Heading XVII E, EUR 82 million of which relates to badwill on 'Specialised Finance' activities).

Extraordinary charges (Heading XVIII) came to EUR (114) million in 2014, relating mainly to impairments on financial fixed assets (EUR (28) million, reported under Heading XVIII B, of which EUR (15) million on BNP Paribas Fortis Funding), provisions for early departures (EUR (42) million, included under Heading XVIII C), realised losses on financial fixed assets (EUR (18) million, reported under Heading XVIII D, of which EUR (18) million at Fortis Holding Malta) and other extraordinary charges (EUR (3) million, included under Heading XVIII E).

In 2013, the amount of EUR (532) million mainly resulted from impairments on financial fixed assets (EUR (307) million, reported under Heading XVIII B, of which EUR (287) million at the Group's Asset Management entity), provisions for early departures (EUR (66) million, included under Heading XVIII C), realised losses on financial fixed assets (EUR (22) million, reported under Heading XVIII D, of which EUR (19) million at Fortis Holding Malta) and other extraordinary charges (EUR (129) million, reported under Heading XVIII E, of which EUR (116) million arose to the transfer of activities from the BNP Paribas Fortis London branch to the BNP Paribas London branch).

Income taxes (Heading XX) showed a EUR (13) million negative balance in 2014, following a EUR (15) million negative outcome in 2013. The tax level was influenced by the new Fairness tax, provisions for early departures in Belgium, and also by the specific tax regimes at the foreign branches.

The 10 **foreign branches** located in Amsterdam, Bucharest, Frankfurt, Copenhagen, Madrid, New York, Oslo, Prague, Stockholm and Vienna together realised a profit of EUR 49 million in 2014. Compared with a loss of EUR (61) million made by the foreign branches in 2013.

The **Profit for the year available for appropriation** came to EUR 1,336 million in 2014, compared to EUR 641 million in 2013.

Proposed appropriation of the result for the accounting period

Profit for the year for appropriation	EUR	1,335.9	million
Profit brought forward from the previous year	EUR	2,758.7	million
Profit to be appropriated	EUR	4,094.6	million
Appropriation to statutory reserve	EUR	67.0	million
Profit to be carried forward	EUR	2,757.9	million
Dividend	EUR	1,246.8	million
Other allocations	EUR	23.0	million

In accordance with the aforementioned profit appropriation for the financial year 2014, 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 2.58 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.

These securities were totally reimbursed on 1 October 2014.

Information related to Article 523 of the Belgian companies code

Indemnification of directors – Conflict of interest

Meeting of 10 July 2014

- During meetings that took place in 2009, 2010, 2011, 2012, and 2013 the Board of Directors of the Bank decided that the potential liability incurred by its Directors in the exercise of their mandate should in certain instances be indemnified by the Bank.

- The Chairman explained that the Bank should consider also granting an indemnity to Mr. D. Beauvois to protect him from the liability that he may incur as Director of the Bank. The Chairman referred to the considerations underlying the decisions of the Board of 2009, 2010, 2011, 2012 and 2013, which remain relevant to date. The Chairman therefore proposed that the Bank undertake to indemnify Mr. D. Beauvois in all instances where he acts in good faith and in a manner he believes to be in the best interests of the Bank, except in cases where the liability of the Director arose out of a fraud or wilful misconduct or where such liability were to be covered by an insurance policy (whether or not subscribed by the Bank) benefiting the Director in question.

- The Chairman asked that, it be recorded in the minutes that in compliance with article 523 of the Company Code, prior to any deliberation, Mr. D. Beauvois had informed the other Directors and the Auditors of the Bank that he must to be regarded as having a potential conflict of interest in respect of the decisions to be taken by the Board in connection with this agenda item given that he would benefit personally from the indemnity described above.

- Mr. D. Beauvois left the meeting room and did not participate to the discussions or 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 practice in Belgium taking account of the specific characteristics of the Bank. This indemnity would be in the best interests of the Bank since it needs to be able to attract and retain Directors and to benefit from their valuable contribution. Moreover, the other Directors benefit from a similar an indemnity and not granting such indemnity to this Director would represent a difference in treatment that could not be justified and which would make it very difficult to attract and retain Directors going forward. The Directors participating in the deliberations 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 thereunder.

- The other Directors then proceeded with the deliberations. They discussed the indemnification undertaking and unanimously decided that the Bank should indemnify and hold harmless Mr. D. Beauvois 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 proceedings 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 interests 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 wilful 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 Director in question.

Remuneration and benefits awarded to the BNP Paribas Fortis Executive Directors.

Meeting of the Board of Directors of 20 March 2014

"….The Chairman of the GNRC provided feedback to the Board of Directors on the meetings held on 25 February, 11 March and 18 March (…)"

"….in accordance with the Articles of Association and/or the Internal Governance Memorandum, the GNRC has reviewed and discussed the remuneration of (…) the members of the Executive Board and of the Chairman of the Executive Board. (…)"

"….The Chairman of the GNRC then explained that, during that same meeting, Mr. Dierckx left the room when Mr. Jadot commented on the remuneration of the members of the Executive Board. Finally, Mr. Jadot left the room while the GNRC discussed his remuneration. The Board of Directors should note that none of the GNRC members objected to the amounts, methodology or rationale of the remuneration proposed for the Chairman and members of the Executive Board (hereafter referred to as the "Executive Board Remuneration") and the GNRC therefore proposed that to the Board of Directors proceed with the formal approval of the Executive Board Remuneration.

Prior to any deliberation, the Chairman explained that, in compliance with article 523 of the Companies Code all Executive Directors had informed the Board and the Statutory Auditors of the Company that each of them has interests of a patrimonial nature conflicting with the interests of the Company with respect to the decision to approve the Executive Board Remuneration.

He therefore requested the Executive Directors to leave the meeting room. The Executive Directors left the meeting room and hence abstained from taking part in the deliberations and decision making with respect to the Executive Board Remuneration.

The remaining (non-executive) Directors took further note of the information provided and after due consideration, approved the Executive Board Remuneration as follows:

- For the Chairman of the Executive Board, a total remuneration for the year 2013, including benefits in kind and Director's fees, of EUR 1,244,452.

- For the remaining four members of the Executive Board, a total remuneration for the year 2013, including benefits in kind and Director's fees of EUR 4,057,334.

The Chairman stressed that no variable remuneration would be paid for the performance year 2013 to the Chairman of the Executive Board, nor the other Executive Directors. There are no financial consequences of this decision for the company other than the payment of the amounts specified, and of any levies or contributions calculated thereon.

Following this decision, the Executive Directors re-enter the meeting room.

This concludes the report of the GNRC Chairman."

Information regarding related party transactions

1. Board Procedure

Background

Due to a change in legislation which came into force on 1 January 2012, article 524 of the Companies Code, imposing a specific procedure pertaining to transactions between related parties, no longer applies to BNP Paribas Fortis SA/NV ('BNP Paribas Fortis' or the 'Company'). Nevertheless, 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 on but not identical to article 524 of the Companies Code.

Regarding two 'related party' transactions, as defined in the Procedure and hereinafter described as the 'Bacon' and 'Ritter' transactions, the Board of Directors decided during its meeting of 16 May 2014 (Ritter transaction) and 30 July 2014 (Bacon transaction) to establish a Special Board Committee. For both the Bacon and Ritter transaction, the Board appointed the following independent non-Executive Directors as members of the SBC:

- Dirk Boogmans (acting as Chairman and coordinator of the SBC)
- Sophie Dutordoir (independent and non-Executive Director)
- Antoinette d'Aspremont Lynden (independent and non-Executive Director).

As both the Bacon and Ritter transactions are deemed, within the meaning of the Procedure, to be related party transactions between various affiliates of the Company, the Board of Directors requested the SBC to deliver a written reasoned opinion (the 'Opinion(s)') with regard to each of these transactions.

The Procedure provides inter alia (i) that the SBC will be assisted by an independent financial advisor and any other person it deems necessary, and (ii) that one of the BNP Paribas group's statutory auditors will issue prior to the Board of Directors meeting where the relevant decision is to be taken, an opinion on the accuracy of the (financial) data in the SBC Opinion.

Scope of the Opinion

In accordance with the Procedure, any decisions that concern (i) transactions between the Company and an affiliated company thereof, with the exception of its subsidiaries or (ii) transactions between a subsidiary of the Company and an affiliated company of such subsidiary, but which is not a subsidiary of the Company, must prior to any decision by the Board of Directors, be subject to the Procedure, which requires the SBC to render a written reasoned Opinion in which it:

(i) describes the nature of the transaction;

(ii) gives an assessment of the economic benefit or disadvantage of the transaction for the Company and its shareholders;

(iii) describes the financial consequences of the transaction for the Company; and

(iv) assesses whether or not the decision or transaction is such that it may cause a disadvantage to the Company that, in the light of the Company's strategy, is manifestly wrongful ('kennelijk onrechtmatig'/'manifestement abusif'). If the Special Board Committee is of the opinion that the decision or transaction is not manifestly wrongful, but might still be detrimental to the Company, the Special Board Committee must clarify the benefits the Company derives from the decision or transaction which compensate for such disadvantage.

Composition of the Special Board Committee

In respect of each decision falling within the scope of the Procedure, the SBC must be composed of minimum three (3) non-Executive Directors who do not represent the majority shareholder. The majority of the members of the Special Board Committee must be independent Directors (within the meaning of article 526ter of the Companies Code). In order to meet this requirement, the SBC that was established for the Transactions was composed of the directors mentioned above.

Dirk Boogmans, Sophie Dutordoir and Antoinette d'Aspremont Lynden confirmed that they were independent Directors within the meaning of article 526ter Companies Code.

Independent financial advisor designated by the SBC in accordance with the Procedure

The Procedure makes provison for the SBC to be assisted by an independent financial advisor and any other person it deems necessary.

For the Ritter transaction, Ernst & Young, with registered office located in France, at 92037 Paris La Défense, Tour First, TSA 14444 and registered under the number 449.142.348 R.C.S. Nanterre, was designated as independent expert to assist the SBC in the performance of its task and the drafting of its Opinion.

For the Bacon transaction, Citigroup Global Markets Limited, having its registered office address at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom, was designated as independent expert to assist the SBC in the performance of its task and the drafting of its Opinion.

Basis for the Opinions – Activities of the Special Board Committee

The 'SBC Opinions were drawn up, on the basis of inter alia the information provided by the management of the Company and BNP Paribas S.A.

For both transactions, the management of the Company confirmed to the Special Board Committee inter alia that the documents and information provided to the SBC to enable for it to perform its tasks and make an assessment of the transactions in question were complete, true, accurate and not misleading, and that no material information had been left omitted.

With The SBC held four meetings in 2014 withregard to the Ritter transaction, and met three times with regard to the Bacon transaction. During these meetings the Special Board Committee consulted, exchanged information and views with the Company, the BNP Paribas management, the independent financial advisor (Ernst & Young or Citigroup) and the Company's statutory auditor.

2. Global Integration Project

Reference is made to the 'Global Integration Project' as detailed in the BNP Paribas Fortis' Annual Reports of 2009, 2010, 2012 and 2013 in section 'Information related to article 524 of the Belgian Companies code' (2009 and 2010) and 'Information regarding related party transactions' (2012 and 2013).

Whit a view to the transfer and re-allocation between the various BNP Paribas group entities of certain assets and activities as described, the management of BNP Paribas Fortis (and in certain case of BNP Paribas) set out the terms of the 'Ritter' and 'Bacon' transactions and submitted them to the Board of Directors of BNP Paribas Fortis for approval. Before rendering its decision on these transactions, the Board of Directors invited the Special Board Committee to render, pursuant to the Procedure, a written reasoned opinion on each of the transactions.

3. Transactions

3.1 Description

Ritter

This transaction concerns the transfer of all assets & liabilities, and all activities relating to the German branch of BNP Paribas Fortis from the Company to BNP Paribas, except for the participation in Von Essen GmbH & Co KG Bankgesellschaft and in the sole general partner of Von Essen Bank. The Ritter transaction also includes the transfer from BNP Paribas Fortis to BNP Paribas of its funding commitments towards the German business to be transferred. After the transaction is finalised, the Company's German branch will be closed.

The overall aim of the Ritter transaction as explained by the management of the Company and BNP Paribas is to further adapt the BNPP Group's establishment in Germany so as to facilitate the implementation of its ambitious Growth Plan for Germany (2013-2016). The main elements of this growth plan relate to efficiency improvements (rationalisation of the complex legal, regulatory and operational dual-branch system) and faster growth (positioning BNP Paribas in the Corporate, segment and strengthening of the Group positions in consumer finance through the Retail distribution network).

Bacon

In December 2013, BNP Paribas entered into an agreement with Rabobank, at that time the majority shareholder in Bank Gospodarki Żywnościowej S.A. ('BGŻ'), for the acquisition of its stake in BGŻ.

On 18 June 2014, BGŻ merged with Rabobank Polska S.A. following a request from the Polish Financial Supervision Authority ('KNF'). On 25 August 2014, BNP Paribas launched a cash tender offer for 100% of the BGŻ share capital, following which BNP Paribas acquired a total participation of 89% in BGŻ. In December 2014 BNP Paribas launched a squeeze-out pon minotrity shareholders other than Rabobank that kept a participation of 10% in BGZ as required by the KNF. The squeeze-out completed in January 2015 and BNP Paribas owns now 90% of BGŻ.

The Bacon transaction relates to the merger of BNP Paribas Bank Polska S.A. and BGŻ into one single entity, retaining the name BGŻ. In order to comply with the Polish regulator's requirements, the Company must gradually lower its shareholding in the merged bank from 28.3% early 2015 to 25-% in the course of 2017-2018. Meanwhile BNPP would lower its stake from 60+% to 50+%. The two reductions in parcipation will have the effect of creating afree float of 25% + 1 share, as required by KNF. Following discussions with KNF, Rabobank would still remain a minority shareholder in BGŻ, holding 6.7% of the bank from 2015 onwards.

The strategic rationale of the Bacon transaction is driven by i) critical size, ii) complementarity and iii) value creation opportunities:

Critical size - Both BNPP Bank Polska and BGŻ lack critical size on a stand-alone basis. The newly created entity is likely to attain a 4% market share, becoming the 7th largest bank in Poland, allowing it to play a more determining role in the local market and to achieve better returns.

Complementarity – BGŻ's strong presence in small and mid-size towns combined with BNPP Bank Polska's footprint in major urban areas will create a strong distribution footprint. The merged bank will combine BNPP Bank Polska's profitable CTB business with BGŻ's undisputed leadership in the food and agribusiness sector. It will have a well-diversified portfolio mix and broad and diversified client base in both retail and corporate segments.

Value creation opportunity – Revenue synergies will arise from leveraging BNPP Polska's expertise in Personal Finance and Corporate Banking and BGŻ's online banking platform and expertise in food and agribusiness sector. Cost synergies will be generated mainly by network optimisation, IT migration on one single system, and the centralisation of headquarters and support functions.

3.2 Price setting for the transactions

Ritter

Like for other related party transactions, the Dividend Discount Model ('DDM method') was used as the methodology valuing the Ritter transaction. The DDM method was used as the sole valuation method, given a lack of comparable listed companies and of recent transactions among comparable businesses. The DDM valuation method is based on discounting the theoretical dividends available while maintaining a minimum Common Equity Tier I / Solvency ratio. The cost of equity and the long-term growth rate are key assumptions under this model as also is the assumption used for cash yield on equity allocated to the business (especially relevant for countries with an elevated risk-free rate).

For the Ritter transaction, the initial purchase price was expressed as the estimated tangible net book value as of the effective date of economic transfer of the business plus goodwill or minus badwill, in accordance with the following formula:

	Net Book Value
-	Goodwill and other intangible assets
+	Forecast of current results (until the relevant date of economic transfer)
=	**Estimated Tangible Net Book Value**
+/-	Goodwill/Badwill
=	**Initial Purchase Price**

The goodwill/badwill and the initial purchase price were determined according to the DDM method, and set pursuant to an adversarial process in accordance with the Procedure. The final purchase price is to be determined by adjusting the initial price by the (positive or negative) difference between the estimated tangible net book value and the actual tangible net book value upon completion of the transaction, the goodwill or badwill remaining constant. Other adjustments may also be made so as to avoid any double counting.

A procedure also exists for dealing with disputes over the price adjustments.

The valuation of the Ritter transaction was analysed by and discussed with Ernst & Young acting as independent financial advisor and assisting the SBC with its assessment of the transaction.

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/CVBA, acting as statutory auditor of BNP Paribas Fortis issued prior to the Board of Directors taking the relevant decision – a report on the accuracy of the financial data contained in the SBC Opinion.

Bacon

In its work, Citi made use of intrinsic valuations such as the Dividend Discount Model ('DDM') and the Gordon Growth methodology as these models take the differences between the two businesses into account.

Two key aspects are taken to determine whether the proposed merger is an attractive and worthwhile proposition:

- the standalone valuations of BNP Paribas Bank Polska and BGŻ and an assessment of the relative contribution based on Polska's and BGŻ's business plans; and
- an analysis of the potential value creation from the merger between BNP Paribas Bank Polska and BGŻ.

The valuation date used was 31 December 2014 and the projections used are based on the management's business plan for 2015 - 2017. The standalone valuation of BNP Paribas Bank Polska under the DDM methodology was estimated in a range between PLN 1,657 million and PLN 2,261 million, and that of BGŻ in a range between PLN 3,967 million to PLN 5,014 million. This calculation means that, on intrinsic standalone valuations, BNP Paribas Bank Polska will account for between 29.4% and 31.1% of the merged BNP Paribas Bank Polska / BGŻ entity, and on net income and equity contributions, account for between 31.4% and 36.1% of the merged entity. The proposed merger ratio of BNP Paribas Bank Polska (33.36%) and BGŻ (66.64%) falls within this calculated range.

The Bacon Transaction, in particular the valuations retained to determine the proposed merger ratio was analysed by and discussed with Citi, acting as independent financial advisor and assisting the SBC with its assessment of the Transaction.

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/CVBA, acting as statutory auditor of BNP Paribas Fortis and issued prior to the Board of Directors taking the relevant decision – a report on the accuracy of the financial data contained in the Opinion of the SBC.

4. Decision Making

The Board of Directors of BNP Paribas Fortis approved:

- the Ritter transaction on 10 July 2014;
- and the Bacon transaction on 8 October 2014.

Ritter

Opinion of the Special Board Committee – Financial consequences

"As a result of the Transaction, the shareholders of the Company will, through their participation in the Company, benefit from the simplified structure and will not be exposed to the risk inherent in the implementation of the ambitious Growth Plan for Germany.

As the Transaction consists of a transfer, this will generate a reduction in risk weighted assets and a reduction of risk exposure for the Company. While it is anticipated that the Transaction could contribute to an significant growth for BNPP, this growth potential would be counterbalanced by a consideration that can be deemed as acceptable and superior to a stand-alone price. Furthermore, as part of the BNPP Group, the Company will continue to profit from this intra-group growth.

The above factors, in addition to those detailed under section IV.1, also support the conclusion that the Transaction is not unbalanced and that the consideration is reasonable for the Company."

Opinion of the Special Board Committee – Conclusion

"The SBC is not aware of any terms of the Transaction that should be deemed as being manifestly wrongful vis-à-vis for the Company and/or its shareholders.

Taking into account the rationale of the Transaction and the general benefits which the Company may derive from the Transaction, the SBC is of the opinion that the Transaction is compatible with the corporate interests of the Company.

The financial consequences of the Transaction for the Company are not disproportionate to the benefits derived by the Company from the Transaction. The Transaction is acceptable for the Company taking into account its financial merits.

Based on the considerations above and having reviewed the financial terms of the Transaction with the Independent Expert, Ernst & Young, the SBC is of the opinion that the proposed Transaction will not cause wrongful prejudice to the Company, given the Company's strategy. The SBC also believes that the Transaction is unlikely to result in adverse consequences that are not compensated for by benefits for the Company."

Decision of the Board of Directors

"On the basis of the foregoing, the additional information provided in the course of the meeting and the views expressed by the members of the Board, the Board of Directors has decided to approve the Ritter Transaction, substantially on the terms and conditions described in the Management proposal and reflected in the Opinion of the SBC in connection therewith. The Board of Directors approves the use of the Cost of Equity calculation at closing using a rate of 9.8%, as suggested by the SBC.

The Board acknowledges that the closing of the Ritter Transaction is subject to the signing of two main agreements, and the conditions precedent set out in the documentation, being inter alia the prior authorisation of the NBB (as per article 77 of the Law of 25 April 2014).

The Board of Directors delegates the finalisation, execution and implementation of the approved Ritter Transaction to the Executive Board. The Board of Directors requests and authorises the Executive Board to take any and all actions which are useful or necessary in this respect. All agreements, deeds, certificates, notifications and other documents in relation to the Transaction may be signed in accordance with article 24 of the Articles of Association by two Executive Directors of BNP Paribas Fortis.

Compliance with the Board Procedure for Related Party Transactions:

The Board confirms that the Board Procedure for Related Party Transactions, approved by the Board on 15 December 2011, has been complied with in respect of the approval of the Transaction described above.

The Board requests the Management to provide the Bank's Statutory Auditors with a copy of the Opinion, together with a copy of these minutes."

Bacon

Opinion of the Special Board Committee – Financial consequences

"As a result of the Transaction, the Company and, through the Company, indirectly also the shareholders of the Company, will become a minority shareholder in a larger entity as opposed to being a controlling shareholder in a smaller Polish company. However, following the Transaction, the entity is deemed to be better equipped and better positioned in the market, will have come closer to reaching a critical size and is expected to benefit from synergies.

Hence, the SBC is of the opinion that the Transaction might also have a positive impact for all shareholders of the Company who, in time, should benefit from this stronger position in terms of value creation and of direct impact on the Company's consolidated results.

The SBC also notes that the Transaction is expected to have a marginally positive impact on the Company's solvency ratios and that it will not affect its liquidity."

Opinion of the Special Board Committee – Conclusion

"Taking into account all elements as they have been presented to the SBC during and/or in relation to the meetings of the SBC as indicated above, and after due and careful discussion and consideration, the SBC is of the opinion that:

(i) it is not aware of any terms of the Transaction that could or should be deemed manifestly wrongful vis-à-vis for the Company and/or all shareholders;

(ii) on the basis of the general benefits which the Company may derive from the Transaction, the Transaction is not contrary to the corporate interests of the Company and even provides individual benefits for the Company;

(iii) the financial consequences of the Transaction for the Company are not disproportionate to the benefits derived by the Company from the Transaction, moreover, the Transaction is deemed to be fair to the Company;

(iv) it is unlikely that the proposed Transaction will cause wrongful prejudice to the Company; and

(v) it is unlikely that the Transaction will result in adverse consequences for the Company which would or could not be compensated by the benefits of the Transaction to the Company."

Decision of the Board of Directors

"On the basis of the foregoing, the additional information provided in the course of the meeting and the views expressed by the members of the Board, the Board of Directors has decided to approve the Transaction, substantially on the terms and conditions described in the Management proposal and reflected in the Opinion of the SBC in connection therewith.

Furthermore, the Board of Directors agrees with the five recommendations issued by the SBC (as mentioned above) and requests the Executive Board to see to it that these recommendations are taken into account in the further steps of the Transaction.

The Board acknowledges that the closing of the Transaction is subject to the signing of two main agreements, and the prior conditions set out in the documentation, being inter alia the prior authorisation of the National Bank of Belgium (as of article 77 of the Law of 25 April 2014).

The Board of Directors requests and authorizes the Executive Board to take any and all actions on behalf of the Bank which are useful or required from the Bank to finalise, execute and implement the Transaction. The Board of Directors requests and authorises the Executive Board to take any and all actions which are useful or necessary in this respect.

All agreements, deeds, certificates, notifications and other documents in relation to the Transaction may be signed in accordance with article 24 of the Articles of Association by two Executive Directors of BNP Paribas Fortis.

Compliance with the Board Procedure for Related Party Transactions:

- The Board confirms that the approval of the Transaction described above complies with the Board Procedure for Related Party Transactions, approved by the Board on 15 December 2011.
- The Board requests the management to provide the Bank's Statutory Auditors with a copy of the Opinion, together with a copy of these minutes."

Both the Ritter and Bacon transaction are deemed to be 'strategic' within the meaning of article 36/3,§3 of the Law of 22 February 1998 governing 'le statut organique/organiek statuut' of the National Bank of Belgium, and of article 77 of the Banking Law. The National Bank of Belgium approved/issued nihil obstat for the Ritter transaction on 4 November 2014. The regulatory approval process for the Bacon transaction had not yet been finalised on the date this document was issued.

BNP Paribas Fortis Financial Statements 2014 (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	3,525,925	2,042,596
II.	**Government securities eligible for refinancing with the central bank**		10200	54,765	59,491
III.	**Amounts receivable from credit institutions**	5.1	10300	16,711,985	18,938,493
	A. At sight		10310	8,567,485	3,058,699
	B. Other amounts receivable (at fixed term or period of notice)		10320	8,144,500	15,879,794
IV.	**Amounts receivable from customers**	5.2	10400	93,686,754	87,978,790
V.	**Bonds and other fixed-income securities**	5.3	10500	63,412,948	64,672,624
	A. Issued by public bodies		10510	20,528,992	21,903,761
	B. Issued by other borrowers		10520	42,883,956	42,768,862
VI.	**Shares and other variable-yield securities**	5.4	10600	395,987	545,195
VII.	**Financial fixed assets**	5.5/ 5.6.1	10700	7,913,187	7,914,566
	A. Participating interests in affiliated enterprises		10710	5,122,899	5,159,953
	B. Participating interests in other enterprises linked by participating interests		10720	2,106,092	2,103,235
	C. Other shares held as financial fixed assets		10730	172,424	154,851
	D. Subordinated loans to affiliated enterprises and to other enterprises linked by participating interests		10740	511,772	496,527
VIII.	**Formation expenses and intangible fixed assets**	5.7	10800	266,272	329,635
IX.	**Tangible fixed assets**	5.8	10900	1,015,253	1,010,173
X.	**Own shares**		11000	0	0
XI.	**Other assets**	5.9	11100	2,794,878	2,574,682
XII.	**Deferred charges and accrued income**	5.10	11200	10,216,179	7,484,219
TOTAL ASSETS			19900	199,994,133	193,550,463

		Notes	Codes	Current Period	Previous period
LIABILITIES					
BORROWINGS			201/208	186,496,716	180,119,235
I.	**Amounts owed to credit institutions**	5.11	20100	11,831,283	10,660,346
	A. At sight		20110	3,126,062	2,886,477
	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	8,705,221	7,773,869
II.	**Amounts payable to clients**	5.12	20200	144,756,136	137,613,553
	A. Savings deposits		20210	61,630,654	60,720,616
	B. Other debts		20220	83,125,482	76,892,937
	1. At sight		20221	56,154,980	48,664,820
	2. At fixed term or period of notice		20222	26,970,502	28,228,117
	3. As a result of the rediscounting of trade bills		20223	0	0
III.	**Debts evidenced by certificates**	5.13	20300	9,311,288	13,608,328
	A. Debt securities and other fixed-income securities in circulation		20310	5,318,067	8,824,269
	B. Other		20320	3,993,221	4,784,059
IV.	**Other amounts payable**	5.14	20400	5,981,192	4,237,979
V.	**Accrued charges and deferred income**	5.15	20500	7,596,878	5,113,375
VI.	**Provisions and deferred taxes**		20600	480,116	539,885
	A. Provisions for risks and charges		20610	480,116	539,885
	1. Pensions and similar obligations		20611	20,749	6,385
	2. Fiscal charges		20612	9,000	9,000
	3. Other risks and charges	5.16	20613	450,367	524,500
	B. Deferred taxes		20620	0	0
VII.	**Fund for general banking risks**		20700	871,681	871,681
VIII.	**Subordinated liabilities**	5.17	20800	5,668,142	7,474,088
SHAREHOLDERS' EQUITY			209/213	13,497,417	13,431,228
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	1,134,178	1,067,178
	A. Statutory reserve		21210	593,109	526,109
	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	2,757,886	2,758,697
TOTAL LIABILITIES			29900	199,994,133	193,550,463

		Notes	Codes	Current period	Previous period
OFF BALANCE SHEET CAPTIONS					
I.	**Contingent liabilities**	5.22	30100	28,675,171	26,587,199
A.	Non-negotiated acceptances		30110	56,541	27,737
B.	Guarantees serving as direct credit substitutes		30120	14,972,325	13,174,875
C.	Other guarantees		30130	12,491,530	12,103,234
D.	Documentary credits		30140	1,154,775	1,076,871
E.	Assets charged as collateral security on behalf of third parties		30150	0	204,482
II.	**Commitments which could give rise to a credit risk**	5.22	30200	49,866,381	39,865,090
A.	Firm commitments to make funds available		30210	4,159,933	2,128,979
B.	Commitments as a result of spot purchases of transferable or other securities		30220	0	0
C.	Undrawn margin on confirmed credit lines		30230	45,706,448	37,736,111
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	111,915,367	116,219,630
A.	Assets held by the credit institution for fiduciary purposes		30310	0	0
B.	Safe custody and equivalent items		30320	111,915,367	116,219,630
IV.	**Uncalled amounts of share capital**		30400	119,209	146,924

INCOME STATEMENT (presentation in vertical form)

			Notes	Codes	Current period	Previous period
I.	**Interest receivable and similar income**		5.23	40100	4,387,533	4,339,199
	A. Of which : from fixed-income securities			40110	1,136,258	1,140,981
II.	**Interest payable and similar charges**			40200	1,696,771	1,984,081
III.	**Income from variable-yield securities**		5.23	40300	292,009	429,292
	A. From shares and other variable-yield securities			40310	83,003	81,837
	B. From participating interests in affiliated enterprises			40320	132,050	181,878
	C. From participating interests in other enterprises linked by participating interests			40330	72,317	163,047
	D. From other shares held as financial fixed assets			40340	4,639	2,530
IV.	**Commissions receivable**		5.23	40400	1,386,476	1,370,689
	A. Brokerage and related commissions			40410	542,611	533,335
	B. Management, consultancy and conservation commissions			40420	268,258	260,186
	C. Other commissions received			40430	575,607	577,168
V.	**Commissions paid**			40500	356,403	333,274
VI.	**Profit (loss) on financial transactions**	(+)/(-)	5.23	40600	349,601	225,559
	A. On trading of securities and other financial instruments			40610	240,931	65,405
	B. On disposal of investment securities			40620	108,670	160,154
VII.	**General administrative expenses**			40700	2,646,905	2,677,503
	A. Remuneration, social security costs and pensions			40710	1,532,017	1,608,722
	B. Other administrative expenses			40720	1,114,888	1,068,781
VIII.	**Depreciation/amortization of and other write-downs on formation expenses, intangible and tangible fixed assets.**			40800	148,035	153,855
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	74,702	225,481
X.	**Decrease in write-downs on the investment portfolio of bonds, shares and other fixed-income or variable-yield securities.**	(+)/(-)		41000	11,949	40,714
XI.	**Utilization and write-backs of provisions for liabilities and charges other than those included in the off-balance sheet captions**	(+)/(-)		41100	(36,143)	(47,999)
XII.	**Provisions for risks and charges other than those included in the off-balance sheet captions.**			41200	31,623	29,782
XIII.	**Transfer from (Appropriation to) the fund for general banking risks**	(+)/(-)		41300	0	0
XIV.	**Other operating income**		5.23	41400	224,157	245,926
XV.	**Other operating charges**		5.23	41500	330,361	259,505
XVI.	**Profits (losses) on ordinary activities before taxes**	(+)/(-)		41600	1,379,171	954,470

				Notes	Codes	Current period	Previous period
XVII.	**Extraordinary income**				41700	84,760	233,381
	A.	Adjustments to depreciation/amortization of and to other write-downs on intangible and and tangible fixed assets			41710	2,694	0
	B.	Adjustments to write-downs on financial fixed assets			41720	14,693	81,824
	C.	Adjustments to provisions for extraordinary risks and charges			41730	0	0
	D.	Capital gains on disposal of fixed assets			41740	15,453	69,223
	E.	Other extraordinary income		5.25	41750	51,920	82,334
XVIII.	**Extraordinary charges**				41800	114,549	531,765
	A.	Extraordinary depreciation/amortization of and extraordinary write-downs on formation expenses and intangible and tangible fixed assets			41810	19,623	2,106
	B.	Write-downs on financial fixed assets			41820	28,422	307,372
	C.	Provisions for extraordinary risks and charges	(+)/(-)		41830	42,363	65,800
	D.	Capital losses on disposal of fixed assets			41840	20,992	27,479
	E.	Other extraordinary charges		5.25	41850	3,149	129,008
XIX.	**Profits (Losses) for the period before taxes**		(+)/(-)		41910	1,349,381	656,086
XIXbis.	**A.**	**Transfer to deferred taxes**			41921	0	0
	B.	**Transfer from deferred taxes**			41922	0	0
XX.	**Income taxes**		(+)/(-)	5.26	42000	13,446	14,917
	A.	Income taxes			42010	64,328	37,297
	B.	Adjustement of income taxes and write-back of tax provisions			42020	50,882	22,380
XXI.	**Profits (Losses) for the period**		(+)/(-)		42100	1,335,934	641,169
XXII.	**Transfer to (or from) untaxed reserves**		(+)/(-)		42200	0	0
XXIII.	**Profit (Losses) for the period available for appropriation**		(+)/(-)		42300	1,335,934	641,169

APPROPRIATION ACCOUNT

				Codes	Current period	Previous period
A.	**Profits (Losses) to be appropriated**		(+)/(-)	49100	4,094,631	3,201,180
	1.	Profits (Losses) for the period available for appropriation	(+)/(-)	(42300)	1,335,934	641,169
	2.	Profits (Losses) brought forward from the previous financial year	(+)/(-)	(21300P)	2,758,697	2,560,011
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	(67,000)	(32,100)
	1.	To capital and share premium account		49310	0	0
	2.	To the legal reserve		49320	(67,000)	(32,100)
	3.	To other reserves		49330	0	0
D.	**Result to be carried forward**		(+)/(-)	49400	2,757,886	2,758,697
E.	**Shareholders' contribution in respect of losses**			49500	0	0
F.	**Distribution of profits**			49600	(1,269,745)	(410,383)
	1.	Dividends		49610	(1,246,762)	(386,593)
	2.	Director's entitlements		49620	0	0
	3.	Other allocations		49630	(22,983)	(23,790)

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)	16,711,985	18,938,493
	1.	Loans and advances to affiliated enterprises	50101	10,032,307	7,083,079
	2.	Loans and advances to other enterprises linked by participating interests	50102	0	0
	3.	Subordinated loans and advances	50103	33,750	0
B.	OTHER LOANS AND ADVANCES TO CREDIT INSTITUTIONS (with agreed maturity dates or periods of notice)		(10320)	8,144,500	15,879,794
	1.	Trade bills eligible for refinancing with the central bank of the country(ies) of establishment of the credit institution	50104	214,531	244,167
	2.	Breakdown according to the remaining maturity			
		a. Up to 3 months	50105	2,928,517	
		b. Over 3 months and up to 1 year	50106	663,067	
		c. Over 1 year and up to 5 years	50107	3,916,650	
		d. Over 5 years	50108	591,553	
		e. Indeterminate period	50109	44,713	

II. STATEMENT OF LOANS AND ADVANCES TO CUSTOMERS (Assets caption IV)

			Codes	Current period	Previous period
1.	**Loans to affiliated enterprises**		50201	11,638,419	7,217,171
2.	**Loans to other enterprises linked by participating interests**		50202	863,861	420,797
3.	**Subordinated loans**		50203	41,489	20,610
4.	**Trade bills eligible for refinancing with the central bank of the country or countries where the credit institution is established**		50204	135,657	86,789
5.	**Breakdown according to the remaining maturity :**				
	a.	Up to 3 months	50205	18,258,004	
	b.	Over 3 months up to 1 year	50206	9,427,872	
	c.	Over 1 year up to 5 years	50207	16,951,741	
	d.	Over 5 years	50208	38,907,270	
	e.	Indeterminate period	50209	10,141,868	
6.	**Breakdown of customer loans based on the type of debtor**				
	a.	Claims on government	50210	6,369,974	6,531,844
	b.	Retail exposures	50211	12,069,513	10,099,301
	c.	Claims on enterprises	50212	75,247,267	71,347,644
7.	**Breakdown by type :**				
	a.	Trade bills (including own acceptances)	50213	135,657	
	b.	Loans and advances as a result of leasing and similar agreements	50214	0	
	c.	Fixed-rate loans	50215	252,894	
	d.	Mortgage loans	50216	15,428,466	
	e.	Other term loans with a maturity over 1 year	50217	45,502,355	
	f.	Other loans and advances	50218	32,367,381	
8.	**Geographical breakdown**				
	a.	Belgian origin	50219	58,581,329	
	b.	Foreign origin	50220	35,105,425	
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)	63,412,948	64,672,624
	1.	**Bonds and securities issued by affiliated enterprises**	50301	35,483,034	33,079,528
	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	12,740,413	
		b. Foreign public issuers	50305	7,788,579	
		c. Belgian issuers other than public bodies	50306	35,436,916	
		d. Foreign issuers other than public bodies	50307	7,447,040	
	5.	**Listing**			
		a. Book value of listed securities	50308	18,512,301	
		b. Market value of listed securities	50309	20,904,586	
		c. Book value of unlisted securities	50310	44,900,647	
	6.	**Maturities**			
		a. Remaining maturity of up to one year	50311	3,148,312	
		b. Remaining maturity of over one year	50312	60,264,636	
	7.	**Analysis by portfolio**			
		a. Trading portfolio	50313	1,843,193	
		b. Investment portfolio	50314	61,569,755	
	8.	**Trading portfolio**			
		a. Difference between market value (if higher) and acquisition value (for securities valued at their market value)	50315	5,738	
		b. Difference between market value (if higher) and book value (for securities valued in accordance with Art. 35ter §2 para. 2)	50316	22,529	
	9.	**Investment portfolio**			
		a. Difference between redemption value (if higher) and book value	50317	87,948	
		b. Difference between redemption value (if lower) and book value	50318	501,786	

		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	61,917,621
2.	**Movements during the financial year**	50319	(268,028)	
a.	Acquisitions	50320	4,472,481	
b.	Transfers	50321	4,794,510	
c.	Adjustments by application of Article 35ter §4 and 5 (+/-)	50322	54,001	
3.	**Acquisition value as at end of financial year**	50323	61,649,593	
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	94,220
6.	**Movements during the financial year**	50327	(14,382)	
a.	Recorded	50328	0	
b.	Excess written back	50329	16,871	
c.	Cancellations	50330	(2,489)	
d.	Transfers from one caption to another (+/-)	50331	0	
7.	**Write-downs at the end of the financial year**	50332	79,838	
8.	**Net book value at the end of the financial year**	(50314)	61,569,755	

IV. STATEMENT OF SHARES AND OTHER VARIABLE-YIELD SECURITIES (Assets caption VI)

		Codes	Current period	Previous period
A.	GENERAL STATEMENT	(10600)	395,987	545,195
1.	**Geographical breakdown of the issuers of securities**			
a.	Belgian issuers	50401	2,804	2,751
b.	Foreign issuers	50402	393,183	542,444
2.	**Listings**			
a.	Bookvalue of listed securities	50403	0	
b.	Market value of listed securities	50404	0	
c.	Bookvalue of unlisted securities	50405	395,987	
3.	**Analysis by portfolio**			
a.	Trading portfolio	50406	0	
b.	Investment portfolio	50407	395,987	
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	

N°	BE 0403.199.702	F-estb 5.4.2

			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**		50414P	xxxxxxxxxxxxxxx	856,041
2.	**Movements during the financial year**		50410	(165,636)	
	a. Acquisitions		50411	0	
	b. Transfers		50412	45,847	
	c. Other adjustments	(+/-)	50413	(119,789)	
3.	**Acquisition value as at end of the financial year**		50414	690,405	
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	310,846
6.	**Movements during the financial year**		50418	(16,428)	
	a. Recorded		50419	62,602	
	b. Excess written back		50420	79,030	
	c. Cancellations		50421	0	
	d. Transfers from one caption to another	(+)/(-)	50422	0	
7.	**Write-downs as at end of the financial year**		50423	294,418	
8.	**Net bookvalue as at end of the financial year**		(50407)	395,987	

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	3,435,250	3,376,940
	b.	Participating interests in affiliated enterprises that are not credit institutions	50502	1,687,649	1,783,013
	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	2,106,092	2,103,235
	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	172,373	154,800
	g.	Subordinated loans on affiliated enterprises that are credit institutions	50507	411,772	396,527
	h.	Subordinated loans on affiliated enterprises that are not credit institutions	50508	100,000	100,000
	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	529,103	
	b.	Participating interests in affiliated not listed enterprises	50512	4,593,796	
	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	2,106,092	
	e.	Other shares held as financial fixed assets in enterprises that are listed	50515	157,750	
	f.	Other shares held as financial fixed assets in enterprises that are not listed	50516	14,566	
	g.	Amount of subordinated loans represented by listed securities.	50517	496,880	

	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	5,608,073
2. Movements during the financial year	50518	(244,966)	
a. Acquisitions	50519	60,388	
b. Sales and disposals	50520	305,354	
c. Transfers from one caption to another (+)/(-)	50521	0	
3. Acquisition value as at the end of the financial year	50522	5,363,107	
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	561,142
8. Movements during the financial year	50529	(207,912)	
a. Recorded	50530	21,540	
b. Excess written back	50531	10,590	
c. Acquisitions from third parties	50532	0	
d. Cancellations	50533	218,862	
e. Transfers from one caption to another (+)/(-)	50534	0	
9. Write-downs as at end of the financial year	50535	353,230	
10. Net bookvalue as at the end of the financial year	10710	5,122,900	

	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	2,964,820
2. Movements during the financial year	50536	(1,074)	
a. Acquisitions	50537	3,360	
b. Sales and disposals	50538	4,434	
c. Transfers from one caption to another (+/-)	50539	0	
3. Acquisition value as at end of the financial year	50540	2,963,746	
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	861,586
8. Movements during the financial year	50547	(3,931)	
a. Recorded	50548	172	
b. Excess written back	50549	4,103	
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	857,655	
10. Net bookvalue as at end of the financial year	10720	2,106,091	

		Codes	Current period	Previous period
D. DETAILED STATEMENT OF THE BOOKVALUE OF OTHER SHARES HELD AS FINANCIAL FIXED ASSETS				
1.	**Acquisition value as at end of the previous financial year**	50558P	xxxxxxxxxxxxxxx	885,489
2.	**Movements during the financial year**	50554	24,284	
	a. Acquisitions	50555	24,423	
	b. Sales and disposals	50556	118	
	c. Transfers from one caption to another (+/-)	50557	(21)	
3.	**Acquisition value as at end of the financial year**	50558	909,773	
4.	**Surpluses at the end of the previous financial year**	50564P	xxxxxxxxxxxxxxx	0
5.	**Movements during the financial year**	50559	0	
	a. Recorded	50560	0	
	b. Acquisitions from third parties	50561	0	
	c. Cancellations	50562	0	
	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	730,638
8.	**Movements during the financial year**	50565	6,710	
	a. Recorded	50566	6,710	
	b. Excess written back	50567	0	
	c. Acquisitions from third parties	50568	0	
	d. Cancellations	50569	0	
	e. Transfers from one caption to another (+/-)	50570	0	
9.	**Write-downs as at end of the financial year**	50571	737,348	
10.	**Net bookvalue as at end of the financial year**	10730	172,425	

N°	BE 0403.199.702	F-estb 5.5.5

		Codes	Current period	Previous period
E. DETAILED STATEMENT OF THE BOOKVALUE OF SUBORDINATED LOANS TO AFFILIATED ENTERPRISES				
1.	**Net carrying value as at end of the previous financial year**	50579P	xxxxxxxxxxxxxxx	411,527
2.	**Movements during the financial year**	50572	245	
a.	Additions	50573	0	
b.	Reimbursements	50574	0	
c.	Write-downs	50575	0	
d.	Amounts written back	50576	0	
e.	Realized exchange gains/losses (+)/(-)	50577	0	
f.	Other (+)/(-)	50578	245	
3.	**Net carrying value as at end of the financial year**	50579	411,772	
4.	**Accumulated write-downs as at end of the financial year**	50580	0	

N°	BE 0403.199.702	F-estb 5.5.6

		Codes	Current period	Previous period
F.	**DETAILED STATEMENT OF THE BOOKVALUE OF SUBORDINATED LOANS TO OTHER ENTERPRISES LINKED BY PARTICIPATING INTERESTS**			
1.	**Net carrying value as at end of the previous financial year**	50588P	xxxxxxxxxxxxxxx	100,000
2.	**Movements during the financial year**	50581	0	
a.	Additions	50582	0	
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 a 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 subsi-diaries	Annual accounts as at	Currency code	Own funds	Net result
	Type	Number	%	%			(+) or (-) (in thousands of monetary units)	
AG INSURANCE Bruxelles BE 404.494.849		157,822	25.00		31/12/13	EUR	1,411,890	95,201
ALPHA (MURCIA) HOLDING B.V. Amsterdam		78,000,000	100.00		31/12/13	EUR	77,980	(9)
ALPHA CARD S.C.R.L. Watermael-Boitsfort BE 463.926.551		735,000	50.00		31/12/13	EUR	13,298	(338)
ALPHA CREDIT S.A. Bruxelles BE 445.781.316		1,146,937	100.00		31/12/13	EUR	54,338	21,605
ANTICLEE FINANCE Rillieux La Pape		3,370	15.18		30/06/11	EUR	1,584	(1,565)
ASLK-CGER SERVICES (IN LIQUIDATION) Bruxelles BE 458.523.354		100	100.00			BEF	In liquidation	
BANCONTACT-MISTERCASH Bruxelles BE 884 499 250		5,123	20.00		31/12/13	EUR	5,171	667
BANKING FUNDING COMPANY S.A. Bruxelles BE 884.525.182		20,586	33.47		31/12/13	EUR	229	18
BBOF III INVESTORS B.V. Amsterdam		24,300	12.13		31/12/10	EUR	36,998	4,143
BEDRIJVENCENTRUM DENDERMONDE N.V. Dendermonde BE 438.558.081		500	19.61		31/12/13	EUR	1,175	6
BEDRIJVENCENTRUM REGIO AALST N.V. Erembodegem BE 428.749.502		80	13.16		31/12/13	EUR	576	(84)
BEDRIJVENCENTRUM VILVOORDE N.V. Vilvoorde BE 434.222.577		400	10.18		31/12/13	EUR	1,483	(6)
BEDRIJVENCENTRUM WAASLAND N.V. Sint-Niklaas BE 427.264.214		400	16.03		31/12/13	EUR	603	35

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 subsi-diaries	Annual accounts as at	Currency code	Own funds	Net result
	Type	Number	%	%			(+) or (-) (in thousands of monetary units)	
BEDRIJVENCENTRUM ZAVENTEM N.V. Zaventem BE 426.496.726		751	24.98		31/12/13	EUR	479	41
BELGIAN MOBILE WALLET Bruxelles BE 541.659.084		4,675	33.18		31/12/13	EUR	11,000	(579)
BELGOLAISE S.A. Bruxelles BE 403.200.294	(1) (2)	449,999 119,250	100.00		31/12/13	EUR	28,760	1,110
BEM II Bruxelles BE 832.115.686		2,000	15.04		31/12/13	EUR	558	(74)
BEM-FLEMISH CONSTRUCTION AND INVESTMENT COMPANY N.V. Bruxelles BE 461.612.904		2,793	12.05		31/12/13	EUR	3,315	(478)
BGL BNP Paribas Luxembourg		13,989,568	50.00		31/12/13	EUR	5,742,072	316,553
BNP Paribas BANK POLSKA S.A. Warszawa		28,661,545	85.00		31/12/13	PLN	1,731,428	91,396
BNP Paribas FACTORING COVERAGE EUROPE HOLDING N.V. Breda		91,449	100.00		31/12/13	EUR	119,914	5,237
BNP Paribas FORTIS FACTOR NV Turnhout BE 414.392.710		93,523	99.99	0.01	31/12/13	EUR	117,501	14,365
BNP Paribas FORTIS FILM FINANCE Bruxelles BE 893.587.655		99	99.00	1.00	31/12/13	EUR	231	100
BNP Paribas FORTIS FUNDING S.A. Luxembourg		19,999	99.99	0.01	31/12/13	EUR	5,937	1,110
BNP Paribas Fortis Growth Bruxelles BE 866.161.894		22,199	100.00		31/12/13	EUR	2,150	62
BNP Paribas FORTIS IMMO CARE Bruxelles BE 871.937.750		157,749	100.00		31/12/13	EUR	839	46
BNP Paribas FORTIS PRIVATE EQUITY BELGIUM Bruxelles BE 421.883.286		557,866	100.00		31/12/13	EUR	150,962	22,921
BNP Paribas Fortis Yatirimlar Holding A.S. Istanbul		2,227,499,996	100.00		31/12/13	TRY	2,221,877	(638)
BNP Paribas INVESTMENT PARTNERS Paris		408,593	28.37	4.96	31/12/13	EUR	2,421,937	35,904
BPOST BANQUE Bruxelles BE 456.038.471		450,000	50.00		31/12/13	EUR	349,068	27,881

(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 subsi-diaries	Annual accounts as at	Currency code	Own funds	Net result
	Type	Number	%	%			(+) or (-) (in thousands of monetary units)	
CERTIFIMMO V S.A. Bruxelles BE 450.355.261		12,261	99.99	0.01	31/12/13	EUR	7,853	407
COMPTOIR AGRICOLE DE WALLONIE Namur BE 400.364.530		2,499	99.96	0.04	31/12/13	EUR	478	63
CREDISSIMO Seraing BE 403.977.482		124,999	100.00		31/12/13	EUR	17,573	1,086
CREDISSIMO HAINAUT S.A. Tournai BE 402.495.065		465,570	99.72		31/12/13	EUR	3,643	204
CREDIT POUR HABITATIONS SOCIALES - KREDIET VOOR SOCIALE WONINGEN Watermael-Boitsfort BE 402.204.461		70,629	77.56	5.02	31/12/13	EUR	14,011	146
CREDIT SOCIAL DE LA PROVINCE DU BRABANT WALLON Nivelles BE 400.351.068		11,013	12.10	0.31	31/12/13	EUR	4,450	(1)
DEMETRIS N.V. Groot-Bijgaarden BE 452.211.723		9,999	99.99	0.01	31/12/13	EUR	2,805	1,708
DIKODI B.V. Amsterdam		42	100.00		31/12/13	EUR	(18,988)	(498)
DOMUS FLANDRIA N.V. Antwerpen BE 436.825.642		22,500	11.22		31/12/13	EUR	15,975	1,179
ES-FINANCE Sint-Agatha-Berchem BE 430.506.289		81,999	100.00		31/12/13	EUR	47,769	3,515
ESTRO LLC Hengelo		2,088,640,903	10.76			EUR		
EUROPAY BELGIUM Bruxelles BE 434.197.536		13,618	39.79	0.29	31/12/13	EUR	1,379	94
EUROPEAN DIRECT PROPERTY MANAGEMENT S.A. Luxembourg		700	100.00		31/12/13	EUR	4,822	3,097
FB TRANSPORTATION CAPITAL LLC New York		5,000,000	100.00		31/12/12	USD	188,331	101,721
FINEST S.A. Bruxelles BE 449.082.680		14,793	99.99		31/12/13	EUR	363	586
FORTIS FUNDING LLC New York		100	100.00		31/12/12	USD	(3,059)	-
FORTIS HOLDING MALTA LTD Gzira		2,499	99.96	0.04	31/12/13	USD	442	370

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 subsi-diaries	Annual accounts as at	Currency code	Own funds	Net result
	Type	Number	%	%			(+) or (-) (in thousands of monetary units)	
FORTIS LEASE IBERIA SA Madrid		1,170,000	21.39	78.61	31/12/13	EUR	(18,379)	(3,834)
FSCHOLEN Sint-Joost-Ten-Node BE 825.836.125		8,925	50.00	50.00	31/12/13	EUR	17,921	70
FV HOLDING N.V. Etterbeek BE 810.422.825		17,504,600	40.00		31/12/13	EUR	9,417	(45)
GENFINANCE INTERNATIONAL S.A. Bruxelles BE 421.429.267		19,999	99.99	0.01	31/12/13	EUR	1,240	7
GUDRUN XPERT N.V. Bruxelles BE 477.315.422		5,200	26.00		31/12/13	EUR	604	(134)
HERACLES S.C. Charleroi BE 427.178.892		4,500	13.55		31/12/13	EUR	519	(90)
IMMO-BEAULIEU Bruxelles BE 450.193.133		500	25.00		16/06/14	EUR	68	128
IMMOBILIERE DISTRI-LAND N.V. Bruxelles BE 436.440.909		156	12.48		31/12/13	EUR	310	31
IMMOBILIERE SAUVENIERE S.A. Bruxelles BE 403.302.739		15,741	99.99	0.01	31/12/13	EUR	18,225	3,331
IMMOLOUNEUVE Bruxelles BE 416.030.426		1,000	50.00	50.00	31/12/13	EUR	100	143
ISABEL S.A./N.V. Bruxelles BE 455.530.509		253,322	25.33		31/12/13	EUR	17,139	4,981
LANDBOUWKANTOOR VAN VLAANDEREN N.V. Kortrijk BE 405.460.889		499	99.80	0.20	31/12/13	EUR	686	54
LE CREDIT SOCIAL DE TUBIZE S.A. Tubize BE 400.344.140		400	11.43		31/12/10	EUR	117	(125)
LE CREDIT SOCIAL ET LES PETITS PROPRIETAIRES REUNIS Châtelet BE 401.609.593		3,347	12.38		31/12/13	EUR	2,804	(35)
LE PETIT PROPRIETAIRE S.A. Woluwe-Saint-Lambert BE 403.290.366		690	11.60		31/12/13	EUR	678	(9)
MARGARET, INC. New York		500	100.00		31/12/13	USD	37,392	227

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 subsi-diaries	Annual accounts as at	Currency code	Own funds	Net result
	Type	Number	%	%			(+) or (-) (in thousands of monetary units)	
MEESPIERSON PRIVATE BELGIAN OFFICES CV Bruxelles BE 870.419.996		126	99.48	0.52	31/12/13	EUR	9,239	294
MICROSTART Saint-Gilles BE 829.081.071		24,500	76.32		31/12/13	EUR	1,202	(765)
NUEVE-9 Barcelona		195,078	39.18			EUR		
ONESTO KREDIETMAATSCHAPPIJ Beringen BE 401.349.970		522	11.93		31/12/13	EUR	23,928	885
PARK DE HAAN N.V. Bruxelles BE 438.533.436		300	15.00		31/12/11	EUR	180	(29)
PSF Weyersheim		215	11.94		31/12/13	EUR	8,241	548
RASKIN IMMOBILIERE SA Heusy Verviers BE 450.678.727		450	30.00		31/12/13	EUR	150	21
RR 60 Saint-Josse-Ten-Noode BE 508.867.938		80	80.00	20.00	30/09/13	EUR	100	
S.A. Berlaymont 2000 N.V. Bruxelles BE 441.629.617		150	9.93		31/12/13	EUR	17,980	344
SHENERGY GROUP FINANCE COMPANY LIMITED Shanghai		100,000,000	10.00		31/12/13	CNY	1,367,820	210,173
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		31/12/13	EUR	36,172	606
SOWO INVEST S.A. / N.V. Bruxelles BE 877.279.282		875	87.50		31/12/13	EUR	946	(71)
TOUS PROPRIETAIRES S.A. Erquelinnes BE 401.731.339		43,425	16.82		31/12/13	EUR	7,259	310
VIA-ZAVENTEM N.V. Bruxelles BE 892.742.765		5,100	51.00		31/12/13	EUR	107	(210)
VISA BELGIUM SRCL Bruxelles BE 435.551.972		44	24.58	1.12	30/09/13	EUR	268	10
VON ESSEN GMBH & CO. KG BANKGESELLSCHAFT Essen		1	100.00		31/12/13	EUR	151,162	30,626

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	

N°	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 book value 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**	**421,543**
2.	**Movements during the financial year**		**50708**	**(41,056)**	
a.	Acquisitions, including own construction		50709	0	
b.	Sales and disposals		50710	41,056	
c.	Transfers from one caption to another	(+)/(-)	50711	0	
3.	**Acquisition value as at end of the financial year**		**50712**	**380,487**	
4.	**Amortizations and write-downs as at the end of the previous financial year**		**50719P**	**xxxxxxxxxxxxxxx**	**103,141**
5.	**Movements during the financial year**		**50713**	**19,871**	
a.	Recorded		50714	63,621	
b.	Excess written back		50715	2,694	
c.	Acquisitions from third parties		50716	0	
d.	Cancellations		50717	41,056	
e.	Transfers from one caption to another	(+/-)	50718	0	
6.	**Amortizations and write-downs as at end of the financial year**		**50719**	**123,012**	
7.	**Net bookvalue as at end of the financial year**		**50720**	**257,475**	

		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	50723	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**	

		Codes	Current period	Previous period
D. OTHER INTANGIBLE FIXED ASSETS				
1.	**Acquisition value as at end of the previous financial year**	**50738P**	xxxxxxxxxxxxxxx	**73,584**
2.	**Movements during the financial year**	**50734**	**1,452**	
	a. Acquisitions, including own construction	50735	2,681	
	b. Sales and disposals	50736	1,221	
	c. Transfers from one caption to another (+)/(-)	50737	(8)	
3.	**Acquisition value as at end of the financial year**	**50738**	**75,036**	
4.	**Amortizations and write-downs as at end of the previous financial year**	**50745P**	xxxxxxxxxxxxxxx	**62,349**
5.	**Movements during the financial year**	**50739**	**3,889**	
	a. Recorded	50740	4,526	
	b. Excess written back	50741	0	
	c. Acquisitions from third parties	50742	0	
	d. Cancellations	50743	636	
	e. Transfers from one caption to another (+)/(-)	50744	(1)	
6.	**Amortizations and write-downs as at end of the financial year**	**50745**	**66,238**	
7.	**Net bookvalue as at end of the financial year**	**50746**	**8,798**	

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**	**1,761,776**
2. Movements during the financial year	**(+)/(-)**	**50801**	**68,179**	
a. Acquisition, including own construction		50802	32,624	
b. Sales and disposals		50803	15,922	
c. Transfers from one caption to another	(+)/(-)	50804	51,477	
3. Acquisition value as at end of the financial year		**50805**	**1,829,955**	
4. Capital gains as at end of the previous financial year		**50811P**	**xxxxxxxxxxxxxxx**	**195,975**
5. Movements during the financial year	**(+)/(-)**	**50806**	**(402)**	
a. Recorded		50807	0	
b. Acquisitions from third parties		50808	0	
c. Cancellations		50809	402	
d. Transfers from one caption to another	(+)/(-)	50810	0	
6. Capital gains as at end of the financial year		**50811**	**195,573**	
7. Amortizations and write-downs as at end of the previous financial year		**50818P**	**xxxxxxxxxxxxxxx**	**1,273,233**
8. Movements during the financial year	**(+)/(-)**	**50812**	**40,172**	
a. Recorded		50813	45,895	
b. Excess written back		50814	0	
c. Acquisitions from third parties		50815	0	
d. Cancellations		50816	10,671	
e. Transfers from one caption to another	(+)/(-)	50817	4,948	
9. Amortizations and write-downs as at end of the financial year		**50818**	**1,313,405**	
10. Net bookvalue as at end of the financial year		**50819**	**712,123**	

		Codes	Current period	Previous period
B. INSTALLATIONS, MACHINES AND EQUIPMENT				
1. Acquisition value as at end of the previous financial year		**50824P**	**xxxxxxxxxxxxxxx**	**266,102**
2. Movements during the financial year	**(+)/(-)**	**50820**	**6,109**	
a. Acquisition, including own construction		50821	9,544	
b. Sales and disposals		50822	3,435	
c. Transfers from one caption to another	(+)/(-)	50823	0	
3. Acquisition value as at end of the financial year		**50824**	**272,211**	
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**	**213,651**
8. Movements during the financial year	**(+)/(-)**	**50831**	**16,384**	
a. Recorded		50832	19,327	
b. Excess written back		50833	0	
c. Acquisitions from third parties		50834	0	
d. Cancellations		50835	2,653	
e. Transfers from one caption to another	(+)/(-)	50836	(290)	
9. Amortizations and write-downs as at end of the financial year		**50837**	**230,035**	
10. Net bookvalue as at end of the financial year		**50838**	**42,176**	

		Codes	Current period	Previous period
C. FURNITURE AND VEHICLES				
1. Acquisition value as at end of the previous financial year		**50843P**	**xxxxxxxxxxxxxxx**	**202,860**
2. Movements during the financial year	**(+)/(-)**	**50839**	**6,248**	
a. Acquisition, including own construction		50840	7,980	
b. Sales and disposals		50841	1,742	
c. Transfers from one caption to another	(+)/(-)	50842	10	
3. Acquisition value as at end of the financial year		**50843**	**209,108**	
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**	**139,017**
8. Movements during the financial year	**(+)/(-)**	**50850**	**13,344**	
a. Recorded		50851	14,366	
b. Excess written back		50852	0	
c. Acquisitions from third parties		50853	0	
d. Cancellations		50854	1,214	
e. Transfers from one caption to another	(+)/(-)	50855	192	
9. Amortizations and write-downs as at end of the financial year		**50856**	**152,361**	
10. Net bookvalue as at end of the financial year		**50857**	**56,747**	

		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**	**331,443**
2. Movements during the financial year	**(+)/(-)**	**50880**	**(28,867)**	
a. Acquisition, including own construction		50881	6,433	
b. Sales and disposals		50882	22,463	
c. Transfers from one caption to another	(+)/(-)	50883	(12,837)	
3. Acquisition value as at end of the financial year		**50884**	**302,576**	
4. Capital gains as at end of the previous financial year		**50890P**	**xxxxxxxxxxxxxxx**	**8,821**
5. Movements during the financial year	**(+)/(-)**	**50885**	**(753)**	
a. Recorded		50886	0	
b. Acquisitions from third parties		50887	0	
c. Cancellations		50888	753	
d. Transfers from one caption to another	(+)/(-)	50889	0	
6. Capital gains as at end of the financial year		**50890**	**8,068**	
7. Amortizations and write-downs as at end of the previous financial year		**50897P**	**xxxxxxxxxxxxxxx**	**204,939**
8. Movements during the financial year	**(+)/(-)**	**50891**	**(3,596)**	
a. Recorded		50892	19,923	
b. Excess written back		50893	0	
c. Acquisitions from third parties		50894	0	
d. Cancellations		50895	18,687	
e. Transfers from one caption to another	(+)/(-)	50896	(4,832)	
9. Amortizations and write-downs as at end of the financial year		**50897**	**201,343**	
10. Net bookvalue as at end of the financial year		**50898**	**109,301**	

		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	**74,037**
2. Movements during the financial year	**(+)/(-)**	**50899**	**20,867**	
a. Acquisition, including own construction		50900	59,509	
b. Sales and disposals		50901	0	
c. Transfers from one caption to another	(+)/(-)	50902	(38,642)	
3. Acquisition value as at end of the financial year		**50903**	**94,904**	
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**	**94,904**	

N°	BE 0403.199.702	F-estb 5.9

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	905,505
Suspense accounts	1,501,684
Claims on invoices	172,551
Tax recovery	105,273
Social claim	10,550
Others	87,933
Property held for resale	1,092
Outstanding deposit in cash	10,290

N°	BE 0403.199.702	F-estb 5.10

X. DEFERRED CHARGES AND ACCRUED INCOME (Assets caption XII)

	Codes	Current Period
1. Deferred charges	**51001**	**32,892**
2. Accrued income	**51002**	**10,183,287**

X.bis REINVESTMENT OF SEGREGATED CUSTOMER FUNDS

	Codes	Current Period
Total	51003	0

N°	BE 0403.199.702	F-estb 5.11

XI. STATEMENT OF AMOUNTS OWED TO CREDIT INSTITUTIONS (Liabilities caption I)

	Codes	Current Period	Previous period
1. Amounts owed to affiliated enterprises	**51101**	**4,943,554**	**1,947,641**
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	6,959,764	
b. Over 3 months up to 1 year	51104	600,704	
c. Over 1 year up to 5 years	51105	706,023	
d. Over 5 years	51106	438,730	
e. Indeterminate period	51107	0	

N°	BE 0403.199.702	F-estb 5.12

XII. STATEMENT OF AMOUNTS OWED TO CUSTOMERS (Liabilities caption II)

		Codes	Current Period	Previous period
1.	**Amounts owed to affiliated enterprises**	**51201**	**9,191,735**	**4,790,074**
2.	**Amounts owed to other enterprises linked by participating interests**	**51202**	**2,414,037**	**2,633,131**
3.	**Breakdown according to their remaining maturity**			
	a. At sight	51203	56,152,141	
	b. Up to 3 months	51204	11,081,155	
	c. Over 3 months up to 1 year	51205	3,449,834	
	d. Over 1 year up to 5 years	51206	5,761,347	
	e. Over 5 years	51207	6,679,497	
	f. Indeterminate period	51208	61,632,162	
4.	**Breakdown of debt owed to customers depending on the nature of the debtors**			
	a. Debts owed to governments	51209	5,751,005	4,790,838
	b. Debts owed to private persons	51210	59,889,953	65,380,941
	c. Debts owed to enterprises	51211	79,115,179	67,441,774
5.	**Geographical breakdown of debt owed to customers**			
	a. Of Belgian origin	51212	111,434,716	
	b. Of foreign origin	51213	33,321,420	

N°	BE 0403.199.702	F-estb 5.13

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**	**40,012**	**191,293**
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	1,154,450	
	b. Over 3 months up to 1 year	51304	3,612,569	
	c. Over 1 year up to 5 years	51305	3,753,200	
	d. Over 5 years	51306	791,069	
	e. Indeterminate period	51307	0	

N°	BE 0403.199.702	F-estb 5.14

XIV. STATEMENT OF OTHER DEBTS (Liabilities caption IV)

		Codes	Current period
1.	**Taxes, remuneration and social security charges due to the tax authorities:**	**51401**	**45,473**
	a. Overdue debts	51402	0
	b. Unmatured debts	51403	45,473
2.	**Taxes, remuneration and social security charges due to the National Social Security Office**	**51404**	**100,397**
	a. Overdue debts	51405	0
	b. Unmatured debts	51406	100,397
3.	**Taxes**		
	a. Taxes payable	51407	0
	b. Estimated taxes payable	51408	11,690
4.	**Other debts**		**5,823,632**
	Breakdown if the amount in this caption is significant		
	Others		185,939
	Premiums received on financial derivatives		1,084,849
	Suspense accounts		2,060,935
	Debts - suppliers		287,747
	Debts resulting from the allocation of profit		1,269,745
	Revaluation		532,801
	Wage debts		401,616

N°	BE 0403.199.702	F-estb 5.15

XV. ACCRUED CHARGES AND DEFERRED INCOME (Liabilities caption V)

		Codes	Current period
1.	Accrued charges	51501	7,451,620
2.	Deferred income	51502	145,257

N°	BE 0403.199.702	F-estb 5.16

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	74,866
Provision for unsettled claims	127,688
Provision for commitments	81,098
Provision for personnel expenses	166,715

XVII. STATEMENT OF SUBORDINATED LIABILITIES (liabilities caption VIII)

		Codes	Current period	Previous period
1.	Subordinated debts due to affiliated enterprises	51701	1,235,194	1,706,342
2.	Subordinated debts due to other enterprises linked by participating interests	51702	0	0

		Codes	Current period
3.	Charges as a result of subordinated liabilities	51703	309,493

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 remuneration 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) Circonstances in which the enterprises is required to repay the loan b) Conditions for the subordination c) Conditions for the conversion into capital
1	EUR	1,109,836	3m + 2.00%	19/12/2072	-
2	EUR	1,914	3m + 2.00%	19/12/2072	-
3	EUR	50,000	3.20%	17/06/2015	-
4	EUR	50,000	3.20%	11/04/2015	-
5	EUR	10,000	1.45%	1/07/2015	-
6	EUR	10,000	1.45%	1/07/2015	-
7	EUR	22,000	1.38%	29/07/2015	-
8	EUR	10,000	5.77%	6/02/2018	-
9	EUR	5,000	5.13%	6/03/2018	-
10	EUR	50,000	5.00%	20/04/2015	-
11	EUR	10,500	2.11%	29/06/2021	-
12	EUR	25,000	0.00%	18/06/2018	-
13	USD	51,552	4.12%	24/12/2016	24/12/2016
14	EUR	10,000	0.00%	2/01/2018	-
15	USD	50,936	4.73%	8/09/2015	8/09/2015
16	EUR	251,800	5.00%	5/12/2017	-
17	EUR	75,000	7.50%	27/10/2049	11/07/2018
18	EUR	149,510	6.38%	16/02/2016	-
19	EUR	25,000	3.88%	31/03/2015	-
20	EUR	50,000	4.38%	1/06/2016	-
21	EUR	50,000	4.25%	11/07/2016	-
22	EUR	50,000	4.63%	29/08/2016	-
23	EUR	49,700	4.25%	25/10/2016	-
24	EUR	49,610	4.25%	28/11/2016	-
25	EUR	49,950	4.20%	29/12/2016	-
26	EUR	49,860	4.40%	21/02/2017	-
27	EUR	49,900	4.50%	26/02/2017	-
28	EUR	49,960	4.60%	30/03/2017	-
29	EUR	49,950	4.40%	4/05/2017	-
30	EUR	74,970	4.80%	3/07/2017	-
31	EUR	49,950	5.00%	28/09/2017	-
32	EUR	30,000	6.45%	27/01/2031	-
33	USD	28,956	6m + 0.77%	31/12/2049	15/02/2021
34	EUR	22,890	6m + 1.04%	31/12/2049	21/08/2015

Reference number	Currency	Amount (in 000)	Interest rates	Maturity date or conditions governing the maturity	a) Circonstances in which the enterprises is required to repay the loan b) Conditions for the subordination c) Conditions for the conversion into capital
35	EUR	5,607	4.05%	1/01/2015	-
36	EUR	8,337	3.85%	1/01/2015	-
37	EUR	5,953	3.85%	1/02/2015	-
38	EUR	4,060	3.85%	1/03/2015	-
39	EUR	1,988	3.60%	1/03/2015	-
40	EUR	1,353	3.50%	1/03/2015	-
41	EUR	188	3.60%	1/04/2015	-
42	EUR	6,561	3.50%	1/04/2015	-
43	EUR	109	3.50%	1/05/2015	-
44	EUR	13,836	3.85%	1/05/2015	-
45	EUR	2,109	3.60%	1/05/2015	-
46	EUR	42	3.85%	1/06/2015	-
47	EUR	6,200	3.60%	1/06/2015	-
48	EUR	6,453	3.60%	1/07/2015	-
49	EUR	4,767	3.35%	1/07/2015	-
50	EUR	5,211	3.35%	1/08/2015	-
51	EUR	5,153	3.35%	1/09/2015	-
52	EUR	7,107	3.35%	1/10/2015	-
53	EUR	4,632	3.35%	1/11/2015	-
54	EUR	1,125	3.35%	1/12/2015	-
55	EUR	5,021	3.65%	1/12/2015	-
56	EUR	9,610	3.65%	1/01/2016	-
57	EUR	7,073	3.65%	1/02/2016	-
58	EUR	3,551	3.65%	1/03/2016	-
59	EUR	430	3.65%	1/04/2016	-
60	EUR	4,478	3.70%	1/04/2016	-
61	EUR	374	3.70%	1/05/2016	-
62	EUR	4,038	4.00%	1/05/2016	-
63	EUR	3,789	4.00%	1/06/2016	-
64	EUR	2,514	4.00%	1/07/2016	-
65	EUR	11	4.00%	1/08/2016	-
66	EUR	8,723	4.40%	1/08/2016	-
67	EUR	15,535	4.40%	1/09/2016	-
68	EUR	1,241	4.40%	1/10/2016	-
69	EUR	11,436	4.15%	1/10/2016	-
70	EUR	7,487	4.15%	1/11/2016	-
71	EUR	7,637	4.15%	1/12/2016	-
72	EUR	7,658	4.15%	1/01/2017	-
73	EUR	6,650	4.15%	1/02/2017	-
74	EUR	4,070	4.35%	1/02/2017	-
75	EUR	97	4.15%	1/03/2017	-
76	EUR	4,612	4.35%	1/03/2017	-
77	EUR	1,813	4.35%	1/04/2017	-
78	EUR	3,375	4.20%	1/04/2017	-
79	EUR	2,819	4.20%	1/05/2017	-
80	EUR	956	4.20%	1/06/2017	-
81	EUR	2,895	4.40%	1/06/2017	-
82	EUR	5	4.20%	1/07/2017	-
83	EUR	553	4.40%	1/07/2017	-
84	EUR	4,509	4.60%	1/07/2017	-
85	EUR	725	4.60%	1/08/2017	-
86	EUR	3,154	4.80%	1/08/2017	-
87	EUR	3,095	4.80%	1/09/2017	-

Reference number	Currency	Amount (in 000)	Interest rates	Maturity date or conditions governing the maturity	a) Circonstances in which the enterprises is required to repay the loan b) Conditions for the subordination c) Conditions for the conversion into capital
88	EUR	4,109	4.70%	1/09/2017	-
89	EUR	7,767	4.70%	1/10/2017	-
90	EUR	5,842	4.70%	1/11/2017	-
91	EUR	8,237	4.70%	1/12/2017	-
92	EUR	263	5.05%	1/12/2017	-
93	EUR	138	5.05%	1/12/2017	-
94	EUR	172,758	5.60%	28/12/2017	-
95	EUR	5,242	5.60%	28/12/2017	-
96	EUR	220	4.55%	1/01/2015	-
97	EUR	14,604	4.85%	1/01/2015	-
98	EUR	618	4.70%	1/01/2015	-
99	EUR	26	4.70%	1/01/2018	-
100	EUR	109	4.70%	1/01/2018	-
101	EUR	8,061	5.05%	1/01/2018	-
102	EUR	162	4.80%	1/01/2018	-
103	EUR	19,761	4.70%	1/02/2015	-
104	EUR	777	4.50%	1/02/2015	-
105	EUR	3,354	4.80%	1/02/2018	-
106	EUR	273	4.70%	1/02/2018	-
107	EUR	56	4.70%	1/03/2015	-
108	EUR	6,908	4.50%	1/03/2015	-
109	EUR	202	4.80%	1/03/2018	-
110	EUR	2,628	4.70%	1/03/2018	-
111	EUR	200,000	5.65%	26/03/2018	-
112	EUR	13,670	4.50%	1/04/2015	-
113	EUR	4,480	4.70%	1/04/2018	-
114	EUR	150,000	5.75%	30/04/2018	-
115	EUR	3,871	4.50%	1/05/2015	-
116	EUR	59	4.50%	1/05/2015	-
117	EUR	2	4.95%	1/05/2015	-
118	EUR	827	4.70%	1/05/2018	-
119	EUR	2	4.70%	1/05/2018	-
120	EUR	13	4.50%	1/06/2015	-
121	EUR	249	4.50%	1/06/2015	-
122	EUR	3,920	4.95%	1/06/2015	-
123	EUR	24	4.95%	1/06/2015	-
124	EUR	176	4.95%	1/06/2015	-
125	EUR	1,863	4.95%	1/06/2015	-
126	EUR	20	4.95%	1/06/2015	-
127	EUR	20	4.95%	1/06/2015	-
128	EUR	85	4.70%	1/06/2018	-
129	EUR	179	4.70%	1/06/2018	-
130	EUR	1,200	5.05%	1/06/2018	-
131	EUR	1	5.05%	1/06/2018	-
132	EUR	46	5.05%	1/06/2018	-
133	EUR	245	5.05%	1/06/2018	-
134	EUR	50,000	5.75%	27/06/2018	-
135	EUR	303	4.95%	1/07/2015	-
136	EUR	23	4.95%	1/07/2015	-
137	EUR	839	4.95%	1/07/2015	-
138	EUR	372	4.95%	1/07/2015	-
139	EUR	250	4.95%	1/07/2015	-
140	EUR	380	4.95%	1/07/2015	-

Reference number	Currency	Amount (in 000)	Interest rates	Maturity date or conditions governing the maturity	a) Circonstances in which the enterprises is required to repay the loan b) Conditions for the subordination c) Conditions for the conversion into capital
141	EUR	83	5.05%	1/07/2018	-
142	EUR	10	5.05%	1/07/2018	-
143	EUR	30	5.05%	1/07/2018	-
144	EUR	262	5.05%	1/07/2018	-
145	EUR	62	5.05%	1/07/2018	-
146	EUR	51	5.05%	1/07/2018	-
147	EUR	581	5.05%	1/07/2018	-
148	EUR	137	4.95%	1/08/2015	-
149	EUR	314	5.05%	1/08/2018	-
150	EUR	104	4.95%	1/09/2015	-
151	EUR	1	4.80%	1/09/2015	-
152	EUR	372	5.05%	1/09/2018	-
153	EUR	250	4.90%	1/09/2018	-
154	EUR	325	4.80%	1/10/2015	-
155	EUR	21	5.05%	1/10/2018	-
156	EUR	391	4.90%	1/10/2018	-
157	EUR	18	4.80%	1/11/2015	-
158	EUR	240	4.80%	1/11/2015	-
159	EUR	181	4.90%	1/11/2018	-
160	EUR	266	4.90%	1/11/2018	-
161	EUR	320	4.80%	1/12/2015	-
162	EUR	23	4.10%	1/12/2015	-
163	EUR	286	4.90%	1/12/2018	-
164	EUR	136	4.40%	1/12/2018	-
165	EUR	48	4.10%	1/01/2016	-
166	EUR	3	3.80%	1/01/2016	-
167	EUR	149	4.40%	1/01/2019	-
168	EUR	31	4.15%	1/01/2019	-
169	EUR	13	4.10%	1/02/2016	-
170	EUR	101	4.15%	1/02/2019	-
171	EUR	98	4.50%	1/02/2019	-
172	EUR	352	5.00%	1/03/2016	-
173	EUR	334	4.50%	1/03/2019	-
174	EUR	86	5.50%	1/03/2019	-
175	EUR	5,647	5.00%	1/04/2016	-
176	EUR	3,044	4.80%	1/04/2016	-
177	EUR	10,025	5.30%	1/04/2016	-
178	EUR	1,693	5.50%	1/04/2019	-
179	EUR	517	5.20%	1/04/2019	-
180	EUR	2,499	5.70%	1/04/2019	-
181	EUR	10	4.80%	1/05/2016	-
182	EUR	6,891	5.30%	1/05/2016	-
183	EUR	11,202	5.50%	1/05/2016	-
184	EUR	5	5.20%	1/05/2019	-
185	EUR	2,046	5.70%	1/05/2019	-
186	EUR	10,488	6.40%	1/05/2019	-
187	EUR	31,207	5.50%	1/06/2016	-
188	EUR	10,331	4.80%	1/06/2016	-
189	EUR	29,159	6.40%	1/06/2019	-
190	EUR	3,819	5.30%	1/06/2019	-
191	EUR	11,892	4.80%	1/07/2016	-
192	EUR	5,685	4.50%	1/07/2016	-
193	EUR	7,800	5.30%	1/07/2019	-

Reference number	Currency	Amount (in 000)	Interest rates	Maturity date or conditions governing the maturity	a) Circonstances in which the enterprises is required to repay the loan b) Conditions for the subordination c) Conditions for the conversion into capital
194	EUR	5,501	4.90%	1/07/2019	-
195	EUR	5,273	4.50%	1/08/2016	-
196	EUR	6,908	4.35%	1/08/2016	-
197	EUR	1,423	4.35%	1/08/2016	-
198	EUR	3,672	4.90%	1/08/2019	-
199	EUR	1,884	4.75%	1/08/2019	-
200	EUR	601	4.75%	1/08/2019	-
201	EUR	36	4.35%	1/09/2016	-
202	EUR	10,291	4.35%	1/09/2016	-
203	EUR	63	4.75%	1/09/2019	-
204	EUR	6,817	4.75%	1/09/2019	-
205	EUR	150	5.05%	1/09/2019	-
206	EUR	15,743	4.35%	1/10/2016	-
207	EUR	3,242	4.25%	1/10/2016	-
208	EUR	12,046	4.75%	1/10/2019	-
209	EUR	1,042	4.65%	1/10/2019	-
210	EUR	23,959	4.25%	1/11/2016	-
211	EUR	772	4.00%	1/11/2016	-
212	EUR	9,632	4.65%	1/11/2019	-
213	EUR	230	4.40%	1/11/2019	-
214	EUR	9,674	4.00%	1/12/2016	-
215	EUR	2,517	3.90%	1/12/2016	-
216	EUR	5,034	4.40%	1/12/2019	-
217	EUR	1,661	4.30%	1/12/2019	-
218	EUR	6,665	3.90%	1/01/2017	-
219	EUR	1,917	3.70%	1/01/2017	-
220	EUR	4,404	4.30%	1/01/2020	-
221	EUR	2,548	4.20%	1/01/2020	-
222	EUR	3,532	3.70%	1/02/2017	-
223	EUR	1,483	3.60%	1/02/2017	-
224	EUR	4,271	4.20%	1/02/2020	-
225	EUR	1,287	3.60%	1/03/2017	-
226	EUR	3,777	4.20%	1/03/2020	-
227	EUR	491,500	4.25%	23/03/2021	23/03/2016
228	EUR	8,500	4.25%	23/03/2021	23/03/2016
229	EUR	1,176,900	5.76%	4/10/2017	-
230	EUR	48,100	5.76%	4/10/2017	-
231	EUR	25,000	6m + 1.30%	2/07/2018	-

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	483,025,427
g. Bearer and or dematerialized shares	51802	xxxxxxxxxxxxxx	215,726

	Codes	Uncalled capital	Called but unpaid capital
2. CAPITAL NOT PAID UP			
a. Uncalled capital	(20920)		xxxxxxxxxxxxxx
b. Called but unpaid capital	51803	xxxxxxxxxxxxxx	
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	
* Corresponding number of shares	51807	
4. SHARE ISSUANCE COMMITMENTS		
a. Following the exercise of conversion rights		
* Amount of convertible loans outstanding	51808	
* 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	
* Amount of capital to be subscribed	51812	
* Maximum corresponding number of shares to be issued	51813	
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	
* Number of parts held by its subsidiaries	51818	

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 2014, 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	162,633,071
b. In foreign currency (equivalent in EUR)	51902	37,361,062
2. Total liabilities		
a. In Euro	51903	162,005,831
b. In foreign currency (equivalent in EUR)	51904	37,988,303

N°	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**	

N°	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**	

N°	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 mobilisations and advances	11,186,039
	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**	

		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**	**13,782,220**	**22,129,618**
4.	**Total commitments with a potential risk with regard to companies linked by participating interests**	**52204**	**35,790**	

XXIII. OPERATING RESULTS (items I to XV of the income statement)

		Codes	Period	Previous period
1.	**Breakdown of operating income according to origin**			
a.	Interest and similar income	(40100)	4,387,533	4,339,200
	* Belgian sites	52301	4,310,245	4,249,330
	* Foreign offices	52302	77,288	89,870
b.	Income from variable-income securities: shares and other variable-yield securities	(40310)	83,003	81,837
	* Belgian sites	52303	83,003	81,837
	* Foreign offices	52304	0	0
c.	Income from variable-income securities: investments in associated companies	(40320)	132,050	181,878
	* Belgian sites	52305	101,203	153,952
	* Foreign offices	52306	30,847	27,926
d.	Income from variable-income securities: shares in other companies linked by participating interests	(40330)	72,317	163,047
	* Belgian sites	52307	72,317	163,047
	* Foreign offices	52308	0	0
e.	Income from variable-income securities: other shares held as financial fixed assets	(40340)	4,639	2,530
	* Belgian sites	52309	4,639	2,530
	* Foreign offices	52310	0	0
f.	Commissions received	(40400)	1,386,476	1,370,689
	* Belgian sites	52311	1,255,296	1,266,029
	* Foreign offices	52312	131,180	104,660
g.	Profit on financial transactions	(40600)	349,601	225,559
	* Belgian sites	52313	349,601	225,478
	* Foreign offices	52314	0	81
h.	Other operating income	(41400)	224,157	286,135
	* Belgian sites	52315	205,211	276,659
	* Foreign offices	52316	18,946	9,476
2.	**Employees on the personnel register**			
a.	Total number at the closing date	52317	17,756	18,446
b.	Average number of employees in full-time equivalents	52318	16,443	17,315
	* Management Personnel	52319	1,714	1,797
	* Employees	52320	14,729	15,518
	* Workers	52321	0	0
	* Other	52322	0	0
c.	Number of actual worked hours	52323	21,985,414	23,175,286
3.	**Personnel expenses**			
a.	Remuneration and direct social benefits	52324	1,069,710	1,121,819
b.	Employers' contribution for social security	52325	296,199	316,383
c.	Employers' premiums for extra statutory insurance	52326	116,486	120,515
d.	Other personnel expenses	52327	46,735	44,746
e.	Retirement and survivor's pensions	52328	2,887	5,259
4.	**Provisions for pensions and similar obligations**			
a.	Increase (+)	52329	11,136	565
b.	Decrease (-)	52330	2,189	1,614

			Codes	Current Period	Previous period
5.	**Breakdown of other operating income if this represents a significant amount**				
	a.	Rental income		9,493	11,894
	b.	Various recoveries		167,863	209,242
	c.	Inventory costs		6,924	5,379
	d.	Postage charges		8,461	14,258
	e.	Returns on receivable		0	16,288
	f.	Others		1	280
6.	**Other operating expenses**				
	a.	Corporate taxes	52331	242,042	209,061
	b.	Other	52332	88,318	50,444
	c.	Analysis of other operating expenses if this represents a significant amount			
7.	**Operating revenue from affiliated companies**		**52333**	**1,063,518**	**1,813,628**
8.	**Operating costs relating to affiliated companies**		**52334**	**347,180**	**1,216,942**

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	2,716,270
* of which: not intended for hedging purposes	52402	2,716,270
2. Transactions on foreign currencies (amounts to be delivered)		
a. Forward exchange operations	52403	2,864,081
* of which: not intended for hedging purposes	52404	2,864,081
b. Currency and interest rate swaps	52405	71,512,486
* of which: not intended for hedging purposes	52406	55,551,469
c. Currency futures	52407	
* of which: not intended for hedging purposes	52408	0
d. Currency options	52409	8,041,072
* of which: not intended for hedging purposes	52410	8,041,072
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	358,134,664
* of which: not intended for hedging purposes	52414	261,199,620
b. Interest rate futures	52415	238,122,650
* of which: not intended for hedging purposes	52416	238,122,650
c. Forward Rate Agreements	52417	7,833,440
* of which: not intended for hedging purposes	52418	3,833,440
d. Interest rate options	52419	114,827,973
* of which: not intended for hedging purposes	52420	112,631,973
Other forward purchases and sales (sale / purchase price agreed between parties)		
e. Other option transactions	52421	1,332,127
* of which: not intended for hedging purposes	52422	1,332,127
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

N°	BE 0403.199.702	F-estb 5.24.2

		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	83,986,058
b. Difference between market value and carrying value	(+)/(-)	52430	1,133,319
3. Forward Interest rate transactions without the effect of risk reduction (LOCOM)			
a. Nominal / notional reference amount on the closing date of accounts		52431	0
b. Difference between market value and carrying value	(+)/(-)	52432	0

N°	BE 0403.199.702	F-estb 5.25

XXV. EXTRAORDINARY RESULTS

	Codes	Current Period
1. Capital gains on the transfer of fixed assets to affiliated companies	**52501**	**7,152**
2. Capital losses on the transfer of fixed assets to affiliated companies	**52502**	**17,796**
3. Breakdown of other exceptional result if it comprises significant amounts		
a. Sale of Frankfurt activities		39,687
b. Transfer of Structured Finance activities		11,634
4. Breakdown of the other extraordinary charges if they comprise significant amounts		
a. Restructuring plan		3,149
b. Capital loss on disposal of foreign branches activities to entities of the group BNP Paribas SA		0

N°	BE 0403.199.702	F-estb 5.26

XXVI. INCOME TAXES

		Codes	Current Period
1.	**Income taxes for the year**	**52601**	**17,724**
a.	Taxes and withholding taxes due or paid	52602	14,173
b.	Excess of income tax prepayments or withholding taxes brought to assets	52603	0
c.	Estimated additional charges for income taxes	52604	3,551
2.	**Income taxes for previous years**	**52605**	**(4,277)**
a.	Additional income taxes due or paid	52606	10,465
b.	Additional charges for income taxes estimated or transferred to provisions	52607	(14,742)
3.	**Main sources of differences between the profit before tax, as stated in the financial statements and estimated taxable income**		
	Disallowed expenses		57,220
	Movements on reserves		(494,028)
	Capital loss/gain on securities portfolio		17,244
	Profits exempted by agreement		(906,533)
	Others		0
4.	**Impact of extraordinary results on the amount of income taxes for the year**		**(13,351)**

		Codes	Current Period
5.	**Sources of deferred taxes**		
a.	Deferred tax assets	52608	8,800,000
	* Accumulated tax losses deductible from future taxable profits	52609	8,800,000
	* Other deferred tax assets		
b.	Deferred tax liabilities	52610	
	* Breakdown of the deferred tax liabilities		

N°	BE 0403.199.702	F-estb 5.27

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	63,481	69,871
b.	By the reporting institution	52702	63,659	59,926
2.	**Amounts withheld on behalf of third parties as**			
a.	Payroll tax	52703	323,860	350,668
b.	Withholding tax	52704	282,066	303,260

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.m 'Contingent assests and liabilities' of the BNP Paribas Fortis Consolidated Financial Statements 2014.

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:

		Codes	Current Period
7.	**Other off- balance sheet rights and commitments**		

	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

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

		Codes	Current Period
1.	**Amounts receivable from these persons**	**52901**	**4,199**
	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 favor**	**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	5,214
	b. To former directors and former managers	52905	0

B. THE AUDITOR(S) AND THE PEOPLE HE (SHE) IS (ARE) RELATED TO

		Codes	Current Period
1.	**Remuneration of the auditor(s)**	**52906**	**1,534**
2.	**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	52907	468
	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	212
	c. Other non-audit services	52912	993
4.	**Statements in accordance with Article 133, § 6 of the Company Code**		

N°	BE 0403.199.702	F-estb 5.30

XXX. POSITIONS ON FINANCIAL INSTRUMENTS

		Codes	Current period
1.	**Financial instruments to be received by the institution on behalf of clients**	**53001**	**177,856**
2.	**Financial instruments to be delivered by the institution to clients**	**53002**	**188,926**
3.	**Financial instruments of clients held in custody by the institution**	**53003**	**103,843,741**
4.	**Financial Instruments from clients given in custody by the institution**	**53004**	**105,299,355**
5.	**Financial Instruments from clients held as collateral by the institution**	**53005**	**1,444,544**
6.	**Financial Instruments from clients given as collateral by the institution**	**53006**	**0**

N°	BE 0403.199.702	F-estb 5.31

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	1,133,319
ALM/ CAP	(31,297)
(C)IRS	5,149
Other derivatives	0

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"*

N°	BE 0403.199.702	F-estb 5.32.2

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**	**1,534**
2.	**Fees for exceptional services or special services provided to this group by the auditor(s)**		
	a. Other audit services	53202	468
	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**	**2,335**
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	2
	b. Tax consultancy services	53207	0
	c. Other non-audit services	53208	983

N°	BE 0403.199.702	F estb. 5.33

UNCALLED AMOUNTS ON PARTICIPATIONS INTERESTS AND SHAREHOLDERS

(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 monthlycontribution 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:

STATEMENT OF THE PERSONS EMPLOYED
EMPLOYEES WHOM ARE RECORDED IN THE STAFF REGISTER

	Codes	Total	1. Men	2. Women
During the current period				
Average number of employees				
Full-Time	1001	12,855	7,450	5,405
Part-Time	1002	5,101	1,278	3,823
Total of Full-Time equivalents (FTE)	1003	16,442	8,283	8,159
Number of hours actually worked				
Full-Time	1011	17,962,606	10,609,840	7,352,766
Part-Time	1012	4,022,809	722,557	3,300,252
Total	1013	21,985,415	11,332,397	10,653,018
Personnel costs				
Full-Time	1021	1,153,735,383	731,575,749	422,159,634
Part-Time	1022	295,108,169	80,903,730	214,204,439
Total	1023	1,448,843,552	812,479,479	636,364,073
Advantages in addition to wages	**1033**	**0**	**0**	**0**

	Codes	P. Total	1P. Men	2P. Women
During the previous period				
Average number of employees in FTE	1003	17,316	8,830	8,486
Number of hours actually worked	1013	23,175,286	12,086,659	11,088,627
Personnel costs	1023	1,535,271,166	876,513,944	658,757,222
Advantages in addition to wages	1033	0	0	0

EMPLOYEES WHOM ARE RECORDED IN THE STAFF REGISTER (continued)

	Codes	1. Full-Time	2. Part-Time	3. Total in Full-Time equivalents
At the closing date of the current period				
Number of employees	**105**	**12,306**	**5,450**	**16,131.4**
By nature of the employment contract				
Contract for an unlimited duration	110	12,152	5,449	15,976.9
Contract for a definite period	111	154	1	154.5
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**	**7,127**	**1,489**	**8,096.9**
primary education	1200	0	0	0.0
secundary education	1201	1,295	693	1,731.0
higher education (non-university)	1202	3,018	494	3,351.7
university education	1203	2,814	302	3,014.2
Female	**121**	**5,179**	**3,962**	**8,034.5**
primary education	1210	0	0	0.0
secundary education	1211	853	1,357	1,782.5
higher education (non-university)	1212	2,256	1,747	3,543.8
university education	1213	2,070	858	2,708.2
By professional category				
Management staff	130	1,573	135	1,661.4
Employees	134	10,733	5,315	14,470.0
Workers	132	0	0	0.0
Other	133	0	0	0.0

HIRED TEMPORARY STAFF AND PERSONNEL PUT AT THE ENTERPRISE'S DISPOSAL

	Codes	1. Temporary personnel	2. Persons put at the disposal of the enterprise
During the current period			
Average number of employees	150	196	0
Number of hours actually worked	151	310,464	0
Charges of the enterprise	152	11,803,221	0

TABLE OF PERSONNEL CHANGES DURING THE CURRENT PERIOD

	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
ENTRIES				
Number of employees for which the institution filed a DIMONA declaration of whom were recorded on the personnel register during the financial year	**205**	**582**	**11**	**589.1**
By nature of the employment contract				
Contract for an unlimited duration	210	441	10	447.6
Contract for a definite period	211	141	1	141.5
Contract for the execution of a specifically assigned work	212	0	0	0.0
Replacement contract	213	0	0	0.0

	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
DEPARTURES				
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**	**728**	**555**	**1,045.5**
By nature of the employment contract				
Contract for an unlimited duration	310	659	553	975.5
Contract for a definite period	311	69	2	70.0
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	162	480	426.9
Early retirement	341	0	0	0.0
Dismissal	342	93	19	105.7
Other reason	343	473	56	512.9
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	8,095	5811	8,533
Number of training hours	5802	203,498	5812	206,657
Costs for the company	5803	22,654,496	5813	23,880,274
of which gross costs directly linked to the training	58031	22,330,428	58131	23,538,671
of which paid contributions and deposits in collective funds	58032	324,068	58132	341,603
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	439	5831	850
Number of training hours	5822	560	5832	1,186
Costs for the company	5823	38,227	5833	80,994
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 of the balance sheet and income statement.

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. Those reclassifications did impact the figures reported in the disclosures 2.3, 5.5.5, 5.23, and 5.27.

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 is 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, commissions 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, commissions 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 under this heading are 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 under this heading are 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 interest is 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 from shares and participations are recognised as from the moment the dividend distribution is communicated to the Bank.

Derivatives

The results from 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) FOR THE YEAR ENDED 31 DECEMBER 2014

As required by law and the Company's articles of association, we report to you in the context of our statutory auditor's mandate. This report includes our opinion on the Annual Financial Statements (non-consolidated) ("the Annual Financial Statements"), as defined below, for the year ended 31 December 2014, as well as our report on other legal and regulatory requirements. These Annual Financial Statements include the balance sheet as at 31 December 2014, 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 – Unqualified opinion

We have audited the Annual Financial Statements of BNP Paribas Fortis SA/NV ("the Company") for the year ended 31 December 2014, prepared in accordance with the financial-reporting framework applicable in Belgium, which show a balance sheet total of EUR 199.994.133 (000) and a profit for the year of EUR 1.335.934 (000).

The 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 board of directors and the Company's officials 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 2014 and of its results for the year then ended in accordance with the financial-reporting framework applicable in Belgium.

Emphasis of Matter regarding certain pending 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 2014 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 of 20 March 2014, the board of directors has formally approved the remuneration for the performance year 2013 of the members of the Executive Board. The article 523 of the Companies' Code was applied as a result of the conflict of interest with the Executive Directors. We understand that they have not participated to the discussion and decision of the board of directors. The financial consequences of this decision are reflected in the section 'Information related to Article 523 of the Belgian Companies code' in the Annual Report (Non-consolidated).

- As indicated in the report of the board of directors, the board of directors has on 10 July 2014 (a) decided to indemnify the liability of the director D. Beauvois 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 of D. Beauvois 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, 31 March 2015

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 2014

The monthly highs and lows for BNP Paribas Fortis shares at the weekly auctions of Euronext Brussels in 2014 were as follows (in EUR):

Month	Low	High
January	21.96	24.40
February	21.50	24.30
March	22.90	23.40
April	23.30	25.50
May	23.25	24.80
June	22.60	25.10
July	19.35	23.85
August	21.29	24.00
September	24.20	25.60
October	22.86	24.20
November	24.10	24.60
December	24.60	24.60

External posts held by directors and effective leaders that are subject to a legal disclosure requirement

Pursuant to 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 some external posts held by the Bank's effective managers and Directors in companies 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 leaders of foreign branches.

As regards 'external posts' – i.e., principally posts as director of a company – that are subject to disclosure, this involves posts held in companies other than family property companies, 'management companies', undertakings for collective investment or companies with which the Bank has close links as part of group.

Forename, Surname (Post) Company	Business Activity (Post)	Listing
Herman DAEMS		
(Chairman of the Board of Directors)		
- 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)	-
- Vanbreda Risk and Benefits SA/NV	Insurance (Director)	-
François VILLEROY de GALHAU		
(Vice Chairman of the Board of Directors)		
- Bayard Presse S.A.	Media (Member of the Supervisory Board)	-
- Villeroy & Boch Group AG	Interior & Decoration (Member of the Supervisory Board)	-
Max JADOT		
(Chairman of the Executive Board)		
- Bekaert SA/NV	Steel Industry (Director)	Euronext Brussels
Filip DIERCKX		
(Vice Chairman of the Executive Board)		
- HAZELHEARTWOOD SCRL/CVBA	Administrative Services (Director)	-
- IVD SA/NV	Administrative Services (Chairman of the Board of Directors acting as representative of GINKGO Associates BVBA)	-
- SD Worx for Society SCRL/CVBA	Management & Administrative Services (Chairman of the Board of Directors)	-
- SD Diensten SA/NV	Training & Management Services (Chairman of the Board of Directors)	-
Jean-Laurent BONNAFÉ		
(Director)		
- Carrefour S.A.	Distribution (Director)	Euronext Paris

Forename, Surname (Post) Company	Business Activity (Post)	Listing
Dirk BOOGMANS		
(Director)		
- AIB Vinçotte International SA/NV	Inspection, control & certification services (Director & Chairman of the Audit Committee, acting as representative of DAB Management)	-
- ASAP.be NV	Human ressources (Director acting as representative of DAB Management)	
- 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)	-
- Vinçotte International SA/NV	Inspection, control & certification services (Director & Chairman of the Audit Committee, acting as representative of DAB Management)	-
Antoinette d'ASPREMONT LYNDEN		
(Director)		
- Groupe Bruxelles Lambert SA/NV	Portfolio Company (Director)	Euronext Brussels
Sophie DUTORDOIR		
(Director)		
- Bpost SA/NV	Postal operator (Independent Director & Member of the Audit committee, the remuneration & nomination committee, & Member of the special board committee of independent directors)	Euronext Brussels
- Poppeia SPRL/BVBA	Food (Managing Director)	-
- Valeo SA/NV	Automotive supplier (Director & Member of the Strategy Committee)	-

Forename, Surname (Post) Company	Business Activity (Post)	Listing
Jean STEPHENNE		
(Director)		
- BePharBel SA/NV	Pharmaceutical industry (Chairman of the Board of Directors)	-
- 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)	-
- OncoDNA SA/NV	Pharmaceutical industry (Director)	-
- Tigenix SA/NV	Pharmaceutical industry (Chairman of the Board of Directors, acting as representative of Innosté SA)	Euronext Brussels
- Theravectys SA	Biotechnology (Director)	-
- Ronveaux SA/NV	Construction (Director)	-
- 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)	-
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
AQR	Asset Quality review
ARCC	Audit, Risk and Compliance Committee
AT1	Additional Tier 1
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
CCF	Credit Conversion Factor
CCP	Central Counterparty
CDS	Credit default swap
CDO	Collateralised debt obligation
CET1	Common Equity Tier 1
CGU	Cash generating unit
CIB	BNP Paribas Fortis SA/NV Corporate and Investment Banking
CLO	Collateralised loan obligation
CMBS	Commercial mortgage-backed securities
CMRC	Capital Markets Risk Committee
CMS	Constant Maturity Swap
CODM	Chief Operating Decision Maker
CPBB	Corporate & Public Banking, Belgium
CRM	Central Risk Management
CRO	Chief Risk Officer
CRR/ CRD IV	Capital requirements Directive / Capital Requirements Directive IV

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
FCF	Fortis Commercial Finance
FV	Fair Value
FVA	Funding Value Adjustment
FX	Foreign Exchange
GC	Group Compliance
GDP	Gross Domestic Product
GNRC	Governance, Nomination and Remuneration Committee
GRM	Group Risk Management
GWWR	General Wrong Way Risk
HTM	Held to maturity
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICAAP	Internal Capital Adequacy Assessment Directive
ICC	Internal Control Committee
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IRBA	Internal Ratings Based Approach
IRC	Incremental Risk Change
ISDA	International Swaps and Derivatives Association
KPI	Key Performance Indicator
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
OCA	Own-Credit Value Adjustment
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
PFE	Potential Future Exposures
P/L	Profit or loss
Risk-IM	Risk – Investment & Markets
RMBS	Residential mortgage-backed securities
RPB	Retail & Private Banking
RPN	Relative Performance Note
RWA	Risk Weighted Assets
SCI	Structured Credit Instruments
SME	Small and medium-sized enterprises
SPE	Special purpose entity
SPV	Special purpose vehicle
SRI	Socially Responsible Investment
SSM	Single Supervisory Mechanism
STSC	Strees Testing Steering Committee
SVaR	Stressed Value at Risk
SWWR	Specific Wrong Way Risk
TEB	Türk Ekonomi Bankasi
USTA	Unrated Standardised Approach
VaR	Value at Risk
VRC	Valuation Review Committee
V&RC	Valuation and Risk Control