BNP PARIBAS CARDIF

CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2012

BNP PARIBAS CARDIF 2012 CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET (before appropriation)

(in millions of euros)

ASSETS	Note	31.12.2012	31.12.2011
Goodwill	3.1.1	**135.2**	**139.0**
Intangible assets	3.1.2	**565.6**	**627.6**
Insurance company investments	3.1.3	**105,016.2**	**103,596.1**
- Investments in real estate properties		*3,610.3*	*3,463.5*
- Investments in affiliated undertakings and participating interests		*5,094.9*	*8,074.1*
- Other investments		*96,310.9*	*92,085.5*
Investments backing unit-linked contracts	3.1.4	**32,571.8**	**30,583.3**
Investments from other companies	3.1.5	**314.6**	**306.2**
Investments in associates - Equity method	3.1.6	**483.2**	**422.1**
Reinsurers' share of technical reserves	3.1.7	**2,742.1**	**2,779.2**
Receivables from direct insurance or reinsurance	3.1.8	**1,537.9**	**1,175.1**
Receivables from entities in the banking sector	3.1.9	**932.5**	**692.1**
Other receivables	3.1.10	**2,192.8**	**1,383.8**
Other assets	3.1.11	**18.1**	**31.3**
Accrued income and other assets	3.1.12	**3,085.7**	**4,078.4**
- Deferred acquisition costs		*1,198.7*	*2,110.0*
- Other		*1,887.1*	*1,968.4*
Foreign exchange differences		**2.9**	**18.5**
TOTAL ASSETS		**149,598.6**	**145,992.7**

References in the "Notes" column refer to notes in the Appendices, in which all figures are expressed in millions of euros unless indicated.

(in millions of euros)

LIABILITIES	**Note**	**31.12.2012**	**31.12.2011**
Shareholders' equity - Group share	3.2.1	**4,190.6**	**4,893.0**
- Share capital		*151.0*	*999.7*
- Shares premiums		*3,813.3*	*3,813.3*
- Consolidated reserves		*(157.1)*	*(377.8)*
- Net consolidated income		*387.5*	*457.8*
Minority interests		**27.1**	**18.5**
Subordinated debts	3.2.2	**2,588.3**	**1,385.9**
Gross technical reserves	3.2.3	**95,617.9**	**94,811.7**
- Life Technical reserves		*92,350.7*	*91,504.2*
- Non Life Technical reserves		*3,267.2*	*3,307.5*
Technical reserves related to unit-linked contracts	3.1.4	**33,121.8**	**31,348.8**
Provisions for risks and charges	3.2.4	**161.2**	**156.6**
Debts arising out of direct insurance or reinsurance	3.2.5	**3,510.2**	**3,053.4**
Debt securities		**-**	**-**
Liabilities due to banking sector companies	3.2.6	**8,365.7**	**8,591.1**
Other debts	3.2.7	**1,699.0**	**1,473.6**
Accrued expenses and other liabilities	3.2.8	**316.7**	**260.1**
Foreign exchange differences		**-**	**-**
TOTAL LIABILITIES		**149,598.6**	**145,992.7**

References in the "Notes" column refer to notes in the Appendices, in which all figures are expressed in millions of euros unless indicated.

CONSOLIDATED TABLE OF COMMITMENTS GIVEN AND RECEIVED

(in millions of euros)

COMMITMENTS RECEIVED AND GIVEN	**Note**	**31.12.2012**		**31.12.2011**	
Commitments received	3.3		**801.5**		**717.9**
- Insurance companies		*729.5*		*717.9*	
- Other companies		*72.0*		*0.0*	
Commitments given	3.3		**1,150.5**		**1,045.3**
- Insurance companies		*937.0*		*830.4*	
- Other companies		*213.5*		*214.9*	

Commitments relating to financial instruments are detailed in a specific schedule in note 3.3.2.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

(in millions of euros)

	Note	Non-life insurance	Life insurance	Banking	Other businesses	31.12.2012	31.12.2011
Gross written premiums	4.2	2,182.7	16,315.4			18,498.1	16,936.1
Change in unearned premiums		(40.3)	-			(40.3)	(158.8)
Earned premiums		**2,142.4**	**16,315.4**	-	**-**	**18,457.7**	**16,777.4**
Produits d'exploitation bancaire						-	-
Income from other activities	4.1.3				4.4	4.4	3.7
Other operating income		3.6	197.2			200.8	28.7
Net investment income	3.4.1	114.4	6,626.8		(113.5)	6,627.6	1,240.2
Operating revenues		**2,260.3**	**23,139.5**	**-**	**(109.2)**	**25,290.6**	**18,050.0**
Technical charges relating to insurance activities		(522.6)	(19,964.7)			(20,499.4)	(13,572.8)
Net result from outward reinsurance	4.1	(45.3)	10.7			(34.6)	(61.4)
Charges d'exploitation bancaire						-	-
Expenses on other activities	4.1.3				(133.9)	(133.9)	(127.5)
Management expenses	3.4.2	(1,413.9)	(2,590.8)		(3.4)	(4,008.1)	(3,596.6)
Operating expenses		**(1,981.8)**	**(22,544.9)**	**-**	**(137.3)**	**(24,663.9)**	**(17,358.3)**
Net operating income		**278.5**	**594.6**	**-**	**(246.4)**	**626.6**	**691.7**
Other income and exepenses						1.2	(0.1)
Exceptional result	3.4.3					5.8	(6.3)
Corporate Income tax	3.4.4					(286.7)	(289.8)
NET INCOME FROM CONSOLIDATED COMPANIES						**347.1**	**395.5**
Shares in earnings of associates						42.0	11.8
Amortization of goodwill	3.1.1					(4.9)	49.6
NET CONSOLIDATED INCOME AFTER TAX						**384.2**	**456.9**
Minority interests						(0.8)	0.9
NET CONSOLIDATED INCOME - GROUP SHARE						**383.5**	**457.8**
Earnings per share (in euros)						6.14	7.33
Diluted earnings per share (in euros)						6.14	7.33

References in the "Notes" column refer to notes in the Appendices, in which all figures are expressed in millions of euros unless indicated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CONSISTENCY OF ACCOUNTING PRINCIPLES

1.1. Basis for preparation

The consolidated financial statements of BNP PARIBAS CARDIF are prepared in compliance with the rules on consolidation and presentation set out in regulation n°2000-05 dated 7 December 2000 of the Comité de la Réglementation Comptable (CRC) for companies governed by the French Insurance Code (Code des assurances), including any modification introduced subsequently by other CRC regulations.

The consolidated financial statements present the Group's business activities by segment. These categorise business activities into Life Insurance, Non-Life Insurance and other businesses. Each segment follows its own chart of accounts, respectively the insurance company chart of accounts (as defined in Decree n°94-481 of 8 June 1994 and its implementing order of 20 June 1994) and the general chart of accounts (for other businesses), subject to specific provisions regarding to consolidation and presentation rules of consolidated financial statements mentioned above.

1.2. Changes in accounting standards

The accounting rules and methods used for the financial year were unchanged from those used in the preparation of consolidated financial statements for 2011.

1.3. Highlights

➢ **Exposure to sovereign risk**

From May 2011, the euro zone member countries in association with the International Monetary Fund (IMF) defined a European solidarity policy of 110 billions of euros in return of a reduction in the Greek budget deficit.

On July 21st, 2011, the 17 euro zone members agreed on putting in place support arrangements, leading to the formulation and implementation of a second plan for Greece. This plan was confirmed in a new meeting of euro zone members on October 26th, 2011 and was based on private-sector creditors waiving 50% of amounts owed to them
Since the arrangements for implementing this agreement had not been definitively settled at 31 December 2011 by all of the international institutions concerned, the BNP Paribas Cardif Group determined the impairment loss on all the securities it held on the basis of the most recent proposal put forward by private-sector creditors represented by the Institute of International Finance (IIF).

On the basis of (1) a 50% haircut, (2) the immediate repayment of 15% of amounts owed through securities of the European Financial Stability Facility (EFSF) with a maturity of two years and paying market interest rates, (3) the payment of accrued interest through EFSF securities with a maturity of six months and paying market interest rates, (4) a coupon of 3% until 2020 and 3.75% subsequently on securities maturing between 2023 and 2042 received in exchange for existing securities and (5) a discount rate of 12% on future cash flows, the group estimated the likely loss on existing securities as 75%, which is almost identical to that priced in by the market through the average discount on these securities at 31 December 2011. A provision for Greek credit risk was then recognized in the consolidated financial statements to adjust the net book value of sovereign greek bonds to 25% of nominal value.

On February 21st, 2012, the agreement was refined and supplemented between the representatives of the Greek government, private-sector investors (PSI) and the Eurogroup. This agreement was designed to enable Greece to achieve a debt ratio of 120.5% in 2020 compared to 160% in 2011. It also aims to achieve the financial stability sought through the plan.. This agreement led private-sector investors to waive 53.5% of the nominal value of their Greek bonds, reducing Greece's debt by around EUR 107 billion, in return for a public-sector contribution of EUR 30 billion.

On 12 March 2012, the exchange of Greek sovereign debt securities was realised, with the following main characteristics:

- 53.5% of the principal of previous securities was waived;

- 31.5% of the principal of previous securities were exchanged for 20 bonds issued by Greece with maturities of between 11 and 30 years. The coupon on new bonds will be 2% from 2012 to 2015, rising to 3% from 2015 to 2020, 3.6% in 2021 and 4.3% until 2042. These securities are accounted for as "Available-for-sale assets";

- - 15% of the principal of previous securities has been redeemed immediately in the form of short-term securities issued by the European Financial Stability Facility (EFSF). The repayment was guaranteed by a EUR 30 billion public-sector contributions. These securities are accounted for as "Available-for-sale assets".

In addition to the exchange,

- Accrued interest on the exchanged Greek debt at 24 February 2012 was settled through the issue of short-term EFSF securities, accounted for as "Loans and receivables";

- Each new bond issued by Greece will be accompanied by a security linked to movements in Greece's gross domestic product over and above those expected in the plan. This instrument is accounted for as a derivative.

This exchange has been treated as an extinguishment of the previous assets held and a recognition of securities received at their fair value. The fair value of the instruments received in exchange for the previous securities was valued at 12 March 2012 at 23.3% of the nominal value of the previous securities.

At last, in October 2012, the BNP Paribas Cardif Group subsequently sold all exposures on Greek sovereign bonds. Both bonds exchange and sale led to a net loss of 13,3 million euros.

➢ **BNP Paribas Cardif Group's exposure to Euro zone sovereign credit risk** (fully consolidated and proportionally consolidated entities)

	Global	
(in million of euros)	**Acquisition cost net of impairments**	**Market value**
Germany	1,353	1,537
Austria	1,702	1,928
Belgium	3,211	3,543
Spain	1,175	1,141
France	10,440	11,777
Ireland	428	428
Italy	10,560	11,302
Netherlands	1,017	1,214
Portugal	609	609
Other	1,548	1,730
Total Zone euro	**32,193**	**35,360**

➢ **Complementary contribution of 7% on capitalisation reserve of French Insurance companies**

In addition of the 10% contribution introduced by the law dated on 29 December 2010 (art. 23), the law n°2012-1509 dated on 29 December 2012 (art. 25) introduced a complementary contribution of 7% on the capitalisation reserve. This contribution is based on the smallest amount of the reserve between the 1st January 2010 and the 1st January 2012. The payment of this tax led to a negative Corporate tax impact of 47 million euros.

➢ **Change in the scope of consolidation**

Changes in the scope of consolidation between 2011 and 2012 are detailed in note 2.4 "Main changes".

1.4. Post balance sheet events

No events arising since the closure of accounts are likely to have an impact on the consolidated financial statements.

2. CONSOLIDATION METHODS, RECOGNITION AND MEASUREMENT PRINCIPLES

2.1. Consolidation methods and principles

2.1.1. Consolidation methods

The consolidation scope includes all companies under the Group's exclusive control (subsidiaries), joint control (joint ventures) or over which it has significant influence (associate undertakings), which are consolidated by the appropriate method. Exclusively controlled companies are fully consolidated and joint ventures are consolidated using the proportional method. Companies over which the Group exercises significant influence are consolidated by the equity method.

An entity is included in consolidation scope when its consolidation, or the one established by the sub-group it heads, is material in nature.

Three criteria are used to assess this material nature: total assets, operating profit and the equivalent to "financial and technical income", which corresponds to the sum of financial margin and technical margin. The thresholds applicable are defined according to the nature of control.

In accordance with the provisions of paragraph 1011 of CRC regulation 2000-05, the underlying investment vehicles for variable capital insurance contracts are excluded from the scope of consolidation, as are transparent SCI vehicles held to represent insurance obligations, where the conditions of the regulation are met.

2.1.1.1. Exclusively and jointly controlled companies

A Group has exclusive control over an entity when being able to govern its financial and operating policies so as to obtain benefits from its activities. Such control stems from:

- direct or indirect ownership of the majority of voting rights in another company; or
- the selection, for two successive years, of the majority of the members of the administrative, management or supervisory bodies of another company; or
- the right to exercise dominant influence over another company by virtue of contracts or clauses in the company's articles of association, where applicable law allows.

Joint control is the shared control of a company operated jointly by a limited number of partners or shareholders, so that financial and operational policy is the result of their agreement.

Exclusively controlled companies are fully consolidated by BNP Paribas Cardif, whilst jointly controlled companies are consolidated by the proportional method, when their contribution to consolidated financial statements reaches one of the following thresholds:

- +/- EUR 8 million for technical and financial income;
- +/- EUR 4 million for gross operating income or net income before tax;
- EUR 40 million in total assets.

Controlled companies which do not meet these thresholds but have gross operating profit or net income before tax of between +/- EUR 1 million and +/- EUR 4 million are consolidated by the equity method, which thus serves as a simplified consolidation method, reflecting the material nature of such entities. Other controlled companies, which do not reach the thresholds, are not consolidated.

2.1.1.2. Companies under significant influence

Significant influence is the power to participate in the financial and operating policies of an enterprise without exercising control. Significant influence may result in particular from representation on the management or supervisory bodies of an enterprise, participation in strategic decisions, the existence of significant inter-enterprise transactions, the exchange of management personnel or dependency stemming from technical links.

Significant influence over the financial and operating policy of an enterprise is presumed to exist where the consolidating company owns, directly or indirectly, at least 20% of the voting rights in this enterprise.

For companies under significant influence, the following thresholds are used:

- EUR 40 million in total assets on an equity basis;
- +/- EUR 1 million in net income on an equity basis.

2.1.2. Goodwill and valuation differences

Goodwill is measured as the excess of the equity securities acquisition cost over the net of the identifiable assets acquired and the liabilities assumed at acquisition date. It is amortised according to conditions specific to each acquisition. Goodwill relating to fully consolidated and proportionally consolidated companies is shown under the heading “Goodwill”. Goodwill allocated to associated undertakings balance sheet entries which were previously recognised under the heading “Investment in associates – Equity method”. are now recognised under the heading “Goodwill” in accordance with paragraph 291 of CRC n°2000-05.

The revaluation differences measured as the difference between the fair value of assets and liabilities at the acquisition date and the carrying amount of these items is recognised according to the general accepted accounting practices applicable to such items.

2.1.3. Currency translation method for foreign subsidiaries

The consolidated financial statements of BNP PARIBAS CARDIF are prepared in euros.

The financial statements of companies whose functional currency is not euro are translated using the closing exchange rate method based on the official rates at 31 December. 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 exchange rate over the period.

Foreign exchange differences relating to financial instruments hedging structural investments in foreign currencies (loans or forward sales of currencies) are recognised in shareholder’s equity under “Translation differences” (see § 2.2.4).

When a consolidated entity with a functional currency other than the euro is disposed of, the gain or loss on disposal includes translation differences previously recognised in the Group share of the shareholder’s equity.

2.1.4. Closing date for consolidated entities

Consolidated financial statements are prepared based on the financial statements for consolidated companies closed on 31 December. By way of exception, consolidated companies that have a different statutory closing date prepare accounting documents for consolidation purpose that cover the period from January 1st to December 31st, which are used for consolidation. This is the case for Cardif Seguros SA Argentina, that closes its accounts on June 30th.

2.1.5. Segment presentation of consolidated financial statements

Consolidated financial statements are presented by business segments: the “Life Insurance” and “Non-life Insurance” segments cover life insurance companies and non-life insurance companies respectively. The “non-life” element of mixed companies is included in the “Non-life Insurance segment”. The “Other Businesses” segment consists of the parent company, BNP PARIBAS CARDIF S.A., intermediate holding companies and brokerage and asset management companies.

During the consolidation process, intragroup transactions are eliminated whether within a segment or between segments.

2.2. Recognition and measurement policies

2.2.1. Intangible assets

Software are recorded as intangible fixed assets at acquisition cost and amortised linearly whether purchased or created internally. Their amortization period depend on the nature of the software. They are amortized over a period of no more than 8 years for infrastructure developments, and over a 3 or 5 years period for software developed primarily for the customer services.

Intangible assets must be impaired if there is any indication that their value has decreased, particularly if significant changes have already occurred or are anticipated. Those changes include plans for the disposal or restructuring of the activity to which the asset belongs or plans to dispose of the asset by anticipation. Regarding software, accounting standards allow for two possible methods:

- The asset is definitively disposed of, in which case it must be removed from the balance sheet at the date of scrapping (when it is no longer in use);
- The asset is temporarily abandoned, but may be used subsequently either individually or as part of a new project. In this case, a provision must be recognised to bring the asset to its value in use taking account of its useful life.

Exclusive distribution rights acquired are amortised in accordance with the underlying assumptions used in their valuation.

2.2.2. Investments

2.2.2.1. Investments by life insurance and non-life insurance companies

- *Land and buildings – shares in real estate companies*

Real estate investments include both the investment properties held by Cardif Assurance Vie and shares in unlisted real estate companies that are not included in the scope of consolidation, as set out in paragraph 1011 of CRC regulation n°2000-05.

Regarding land and buildings, the Group applies the CRC regulation n°2002-10 relating to the amortisation and depreciation of assets, CRC regulation n° 2003-07 relating to components and CRC regulation n° 2004-06 relating to the definition, recognition and valuation of assets.

Real estate assets are classified into four main components: structure, façades, general and technical equipment and fixtures and fittings. Land is recognised separately and is not depreciated.

The component life cycle is defined asset by asset and depends on the type of building concerned. Ranges for depreciation periods are given below :

- Structure: 50 to 80 years;
- Façades: 25 to 30 years;
- General and technical equipment: 20 to 25 years;
- Fixtures and fittings: 12 to 15 years.

The residual value of such assets is nil.

The buildings' realisable value is determined on a five-year basis carried out by an independent expert, approved by the regulatory authority (ACP). An interim review is performed annually and is also certified by an expert. The realisable value of shares in real estate entities (SCI) is based on the liquidation value of their real estate portfolio, which is certified by an independent expert once a year.
Where the market value of properties is more than 20% below their net carrying amount at the closing date, the net carrying amount is challenged in order determine whether it has to be impaired.

- *Variable income securities*

For the BNP PARIBAS CARDIF Group, equities and other variable income securities are primarily held though the General Funds of Cardif Assurance Vie (France) and Cardif Vita Assicurazione (Italy).

Equities and other variable-income securities are recognised at acquisition cost. It should be noted that the acquisition related costs are recognised as an expense for the period in which they are incurred.

The realisable value at closing date is determined in accordance with the rules set out in article R.332-20-1 of the French Insurance Code (Code des assurances) and corresponds to the following values:

- for investment and listed securities of all nature, the last market price at closing date;
- for unlisted equity securities, their value in use for the company;
- for other unlisted securities their fair value, determined through quotations from brokers and other counterparties;
- for units in mutual funds such as SICAV (sociétés d'investissement à capital variable) and FCP (fonds communs de placement), the last bid price published at closing date.

Equities and other variable-income securities are subject to impairment when they show a permanent diminution in value. The loss in value is deemed permanent when one of the three following conditions is met:

- the securities has already been impaired;
- the investment has permanently shown unrealized losses compared to its carrying value during a 6-month period prior to closing; under circumstances of high market volatility, the usual threshold of 20% unrealised loss may exceptionally be revised in accordance with advisory note 2002-F from the CNC Emergency Committee dated December 18th, 2002 (like in 2011 when it has been raised to 30%);
- there are objective evidence that the company will be unable to recover all or part of the carrying amount of the investment.

In the event of impairment, the provision is based on the realisable value determined using a multi-criteria forward-looking approach including the discounted future cash flows, the net asset value method, as well as analysis of ratios commonly used to assess future yields of each line of assets.

When listed securities are intended to be sold in the short term, the impairment is based on the market price.

➢ *Bonds and other fixed-income securities*

Bonds and other fixed-income securities include amortizable securities that meet the following criteria:

- securities issued by an entity incorporated under private law which head office is in an OECD member state;
- securities issued and/or guaranteed by an OECD member state;
- securities for which there is a repayment date and which repayment is guaranteed.

Fixed-income securities are recognised at acquisition cost. The difference between the acquisition cost and the redemption value is recognised profit or loss for the period remaining to the date of redemption.

Unrealized losses, being the difference between the carrying amount and the realizable value, are not subject to provisions unless a counterparty risk is ascertained.

CNC advisory note n° 2006-07 of 30 June 2006 relating to the impairment of securities referred to in article R332-19 of the French Insurance Code sets out the objective evidences that a counterparty risk is ascertained as being any information relating to significant financial difficulties of the issuer, and notably:

- default on payments of interest or principal;
- a collective proceeding or a financial restructuring of the issuer becoming likely;
- the introduction, due to the financial difficulties faced by the issuer, of a facility that the holder (lender) would not have granted under other circumstances;
- the disappearance of an active market for these assets due to difficulties faced by the issuer.

In addition, the following observable data should be considered. Combined with other events, they could be a sign of financial difficulties faced by the issuer:

- a significant downgrading of the issuer's rating or an abnormal widening of its spread compared to the spreads of similar issuers with similar rating, and for debt securities with similar duration;
- a significant unrealised loss on the security in a declining interest rate environment.

2.2.2.2. Investments backing unit-linked contracts

Securities and shares backing unit-linked contracts are recognised at fair value at the closing date in accordance with article R.332-5 of the French Insurance code. Valuation differences thus observed are recognised in income and presented as adjustments to unit linked contracts (as income or expense). As being recognized in a way to balance changes in technical reserves on unit-linked contracts, these adjustments have no impact on technical income and net income for the year.

2.2.2.3. Investments from other companies

These investments include the ones made by companies in "Other businesses" segment and are mainly related to the equity holdings of BNP PARIBAS CARDIF S.A., the parent company, and the British holding company Pinnacle Insurance Holding Inc. They also include short-term investments by the holding companies.

➢ *Bonds and other fixed-income securities*

Bonds and negotiable debt securities are valued at their average market price over the last month of the accounting period. When this line-by-line valuation is lower than the carrying amount, no impairment is booked for the difference. The difference between the acquisition cost and the redemption price (premium or discount) is either amortised or recognised as income over the remaining life of the securities.

➢ *Variable income securities*

Shares and units in UCITS are valued at their probable trading price. This is usually defined by reference to the last known trading price or liquidation value at the closing date. When this line-by-line valuation is lower than the carrying amount, impairment is booked for the difference.

➢ *Participating interests*

Participating interests are equity shares that are held during a long lasting which make them considered to be useful for the Group's activity. Consequently, they enable the group to achieve various benefits, mainly from an economic point of view, as they may allow for special trading relationships.

Such investments are recognised at their acquisition cost. At closing date, they are valued at their value in use. For unlisted participating interests, the value in use is based on available information such as discounted future cash flows, net asset value, prudential valuations (Solvency 2) or the appropriate ratios commonly used to assess future yields and exit opportunities for each line of securities. The difference between the carrying value and the value in use is booked as impairment.

Where being significant and related to external costs (advisory, translation and business provider fees, etc.), transaction costs may be included in the acquisition price.

2.2.3. Financial instruments

Derivatives transactions entered into on various markets by an insurance company are either related to assets held or to be held They may also be made in anticipation of investments. Derivatives instruments are either part of an investment strategy or a divestment one. They may also be a part of a performance management strategy.

Forward interest rate derivatives, whether closed or conditional, that are traded on an organised market or equivalent are valued by reference to their market value at the closing date. Corresponding gains and losses whether realised or unrealised are recognised over the course of the strategy. Coupons relating to over-the-counter contracts are recognised in income pro rata temporis.

Forward exchange rate contracts are mainly initiated as part of the net investment hedging of BNP PARIBAS CARDIF foreign investments. Differences in interest relating to such forward currency transactions (premiums and discounts) are recognised in income over the effective duration of the hedged transaction.

Premiums paid on caps, index contract options and share options are spread over the life of the options purchased or sold.

2.2.4. Payables and receivables in foreign currency

Transactions in foreign currencies, including those of branches, are converted at the closing exchange rates. Exchange rate differences that are unrealised at the closing date are recognised in income for the period to which they are related.

As an exception, differences relating to the translation of permanent foreign currency financing at closing exchange rates (including forward contracts) that hedges investments in foreign subsidiaries and branches are recognised in equity. Symmetrically, the foreign currency translation adjustment relating to these entities is recognised in equity. When the Group does not have access to local capital markets, the hedging is achieved through a composite instrument that combines a borrowing in dollars and a forward sale contract of the considered currency against dollars.

2.2.5. Deferred acquisition costs

For Life Insurance, acquisition costs are deferred within the limit of the product future net margin that includes a duly justified financial margin, notably where there is a difference between the discount rate used and the expected rate of return prudently estimated. They are amortised on a consistent basis with the recognition of contracts future net margins, revalued at each closing date. When appropriate, they are impaired if the contract future margins prove insufficient compared to the amortisation schedule.

For Non-life Insurance, deferred acquisition costs on creditor's insurance policies are computed solely based on unearned commissions. Such deferred costs are amortised on a basis that is consistent with unearned premiums amortization.

2.2.6. Technical reserves

2.2.6.1. Life insurance

Technical reserves represent the difference between the expected present value of commitments of the insurer and the insured. They must be sufficient to meet the insurer's commitment. Future management costs that are not covered are subject to a management reserve.

The BNP PARIBAS CARDIF Group estimate their life insurance reserves using a discount rate not exceeding the expected return, cautiously estimated, on the assets backing these reserves. The rates used by the various life insurance companies in discounting their commitments in their local financial statements are representative of rates not exceeding the expected return, cautiously estimated, on the assets backing these reserves.

The technical reserves' revaluation of variable insurance contracts is based on the fair value of the unit linked at the closing date.

When claims have been submitted, their recognition is made in the year of their occurrence. Otherwise, their recognition is made on estimation basis. Claim reserves, relating to claims incurred and reported, are valued using the technical basis applied for the pricing of risk. The valuation of claim reserves includes settlement costs for estimated claims. Late reported claims are valued using either a flat-rate method if the claims historical experience is not sufficient, or using triangulation methods.

For diversified contracts, a technical diversification reserve is created to absorb fluctuations in the values of the assets backing the contract, and over which each policyholder holds individual rights in the form of units. This provision is supplemented by all or part of the premiums paid by policyholders and by the share of the contract return that is not allocated as technical reserves. It is reduced by deduction of losses, fees charged, and withdrawals for benefits paid and by retention of the policyholders' shares in technical reserves.

For certain collective contracts covering life risks (mainly death) and issued in branches, detailed information for each insured person, as required for the calculation of technical reserves, is not available. In such cases the provision is estimated by applying a calculation for retention of premiums contract by contract, after deduction of acquisition costs. Until 2011, technical commitments on these contracts were presented in liabilities on the balance sheet, under the heading "Mathematical reserves" while estimated as a provision for unearned premiums. Deferred acquisition costs were recognized in assets. This presentation was amended in 2012 in order to reflect the appropriate calculation of these reserves, namely unearned premiums net of acquisition costs.

Life insurance and savings companies must share their technical and financial benefits with the policyholders as set out in the contract terms and conditions, and as specified by the regulation. In France, the regulation sets a minimum level of profit sharing to be allocated by the company for each financial year. This minimum amount is equal to the credit balance of the profit sharing account determined in accordance with article A.331-4 of the French Insurance code, less the interest credited to technical reserves. For the segregated diversified contracts, profit sharing is calculated for each segregated accounts.

There are two different types of deferred policyholder benefit recognised in the Group's financial statements:

- unconditional profit sharing is recognised whenever there is a difference between the basis of calculation of future policyholders benefits in statutory accounts and in the consolidated accounts. This is notably the case for policyholder benefits relating to valuation differences and restatements of individual accounts, whether positive or negative. Their amount is modified according to a method that is consistent with the initial valuation and the reversal to income of valuation differences or restatements.

- contingent profit sharing is recognised when there is a difference between the basis of calculation of future policyholders benefits between statutory accounts and consolidated accounts but becomes due as a result of a management decision or the occurrence of an event. This is notably the case for policyholder rights linked to the restatement of the capitalisation reserve.

All liabilities relating to deferred policyholder benefits are recognised; assets relating to deferred policyholder benefits are only recognised if it is highly probable that they will be offset against future policyholder benefit, on a company by company basis, In such cases the deferred policyholder benefit asset are recognised for their recoverable amount under the heading "Debts arising out of direct insurance or reinsurance".

2.2.6.2. Non-life insurance

Premiums being booked when issued, premiums earned but not yet issued may be recognised.

An unearned premium reserve is recorded regarding to the part of premium that is issued but related to subsequent years. It is calculated either contract by contract or by using a statistical method when its results are very close to those that would have been obtained by applying the contract-by-contract approach. The methods used are based on the risk emergence profile.

The unexpired risk reserve is designed to cover future claims costs when premiums are not sufficient. For each company within consolidation scope, the reserve is computed by homogenous group of contracts based the expected futures losses.

Claims are recognised by accident year. They are based on claim reports when they have been notified. Otherwise, there are estimated. Outstanding claim reserves are recognised to cover incurred and reported insurance claims. They are valued using the technical basis used for risk pricing. Their valuation covers estimated claims handling costs. Late reported claims are valued either using a fixed rate where the claims history is not adequate, or using triangulation methods.

The increasing risk reserve is related to accidents and health risks. It is recognised for contracts with constant regular premium and for which the risk increases with the age of the insured.

2.2.6.3. Other technical reserves

- Equalisation reserve: Groups providing creditors insurance are exposed to certain events that occur rarely but which can have a significant effect in terms of costs (catastrophes, macroeconomic shocks, changes in behaviour, pandemics, etc.). For these contracts, an equalisation reserve may be recorded in accordance with §30013 of CRC regulation n°2000-05. It is intended to cover the risks evolution over time for the ones created by the production structure and which have a low frequency of occurrence and high unit costs.

- Capitalisation reserve: Changes during the accounting period that affect the capitalisation reserve and that are recorded in French entities individual accounts are eliminated in the consolidated financial statements. The bulk part of the elimination is balanced by a change in the deferred profit sharing reserve. For segregated accounts (PERP, PERI), it should be noted that the capitalisation reserve is reclassified to technical reserves.

- Capital losses on future assets sales reserve: this reserve is eliminated in consolidated financial statements. The restatement is balanced by corresponding adjustments to the deferred profit sharing reserve where changes in capital losses on future assets sales reserve in individual accounts are taken into account for the determination of such profit sharing.

2.2.7. Reinsurance

Elements received from ceding companies are immediately booked. Accounts not received are estimated at 31 December. They are booked as receivables and debts arising from reinsurance transactions. Where a loss arising on assumed reinsurance operations is known, a provision is set aside for the expected loss.

Elements ceded (premiums, claims, technical reserves) are determined depending on the reinsurance treaties using the same accounting and valuation rules applied to gross elements.

2.2.8. Provisions for risks and charges

Provisions for risks and charges recognised in liabilities result from an obligation that is probable or certain at the closing date, but the timing or amount of which has not been precisely determined.

2.2.9. Employee benefits

Mostly in France, the BNP Paribas Cardif Group is committed to pay to its employee post-employment benefits (retirement bonus, pensions from defined benefit plans, anticipated work departures plans,…) or long-term benefits (compensated absences, long services awards…).

These commitments are reviewed on a yearly basis. The corresponding liability is adjusted to reflect the change in the net present value of the obligation according to the "corridor method". The amount of the provision is based on actuarial assumptions applied by the Group, using the projected unit credit method. This valuation takes into account various parameters such as demographic assumptions, the probability that employees will leave before retirement age, salary inflation, a discount rate, and the general inflation rate.

2.2.10. Current and deferred taxes

The current income tax charge is determined on the basis of the tax laws and tax rates in force in each country in which the Group operates during the period in which the income is generated.

Deferred taxes are recognised when temporary differences arise between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax liabilities are recognised for all taxable temporary differences. 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.

BNP PARIBAS CARDIF S.A. and French subsidiaries in which it holds a stake of more than 95% are eligible to be members of the tax group created around BNP PARIBAS S.A. In accordance with the terms of the tax consolidation agreement, companies within the tax subsidiaries recognise in their profit and loss an expense equal to the tax that they would have paid were there no tax group.

2.2.11. Overheads segmental analysis

Overheads for companies in the "Other Businesses" segment are recognised by nature of expenses, whilst those for companies in the "Non-life Insurance" and "Life Insurance" segments are recognised by intended use: technical expenses, non-technical expenses and exceptional expenses.

In principle, expenses in the “Non-life Insurance” and “Life Insurance” segments are technical expenses. However, expenses incurred for activities without a technical relationship with insurance activities are recognised as non-technical expenses.Transactions which by their nature are non-recurring and outside the scope of standard operations are recognised as exceptional expenses. Technical expenses are broken down into claims settlement costs, acquisition costs, administrative costs, investment management costs and other technical costs. Recognition of expenses by their intended use is carried out individually for expenses that can be directly allocated to one category. Where an expense item has more than one intended use or cannot be directly allocated, it is split between categories using an allocation keys. The allocation of expenses to their intended use is carried out by the so called uniform sections method, which consists of analysing each consolidated company by cost centres which are allocated to the various intended use.

2.2.12. Segment on net investment income

Investment income and expenses for companies in the “Non-life Insurance” and “Life Insurance” segments are recognised in the non-life insurance technical account or the life insurance technical account respectively.

The financial margin contractually charged by insurers under unit-linked contracts is reclassified as financial income due to its nature.

2.2.13. Earnings per share

Calculation methods for earnings per share and diluted earnings per share are based on the Ordre des Experts-Comptables advisory note n°27. Earnings per share are calculated by dividing the net income for the period attributable to equity holders of the parent by the weighted average number of shares outstanding during the period. Calculation of diluted earnings per share is similar to that of earnings per share with the difference that net income for the year (Group share) of the parent and the weighted average number of shares outstanding are adjusted for the maximum effect of the conversion of dilutive equity instruments into ordinary shares.

CONSOLIDATION SCOPE:

2.3. Consolidation scope:

The 48 companies consolidated at 31 December 2012 (29 fully consolidated, 4 proportionally consolidated, 15 consolidated using the equity method) were as follows:

Name	Country	Interest 2011.12 (%)	Change in the scope of consolidation	Interest 2012.12 (%)	Voting 2012.12 (%)	Consolidation method
INSURANCE						
Life insurance						
. Assuvie	France	50		50	50	Equity (*)
. BNP Paribas Cardif Vita Assicurazione	Italy	100		100	100	Fully consolidated
. Capital France Hotel	France	60.14		60.14	60.14	Proportional
. Cardif Leven	Belgium	100		100	100	Fully consolidated
. Cardif Levensverzekeringen NV	Netherlands	100		100	100	Fully consolidated
. Cardif Luxembourg Vie	Luxembourg	33.33		33.33	33.33	Equity (*)
. Cardif Mexico Seguros de Vida SA	Mexico	100		100	100	Equity (*)
. Cardivida	Spain	100	(1)			
. Compania de Seguros de Vida	Chile	100		100	100	Fully consolidated
. Rubin	Luxembourg	50	(1)			
. SAS Hibernia	France	60.14		60.14	60.14	Proportional
. SBI Life	India	26		26	26	Equity (*)
. SCI Odyssée	France	100		100	100	Fully consolidated
. SCI Rueil Caudron	France	100	(1)			
. Thai Cardif Insurance Life	France	25	(1)			
Assurance Non Vie						
. Cardif Assurance Risques Divers SA	France	100		100	100	Fully consolidated
. Cardif Assurance Risques Divers Hongrie	Hungary	100		100	100	Equity (*)
. Cardif Colombia Seguros Generales SA	Colombia	100		100	100	Equity (*)
. Cardif Forsakring	Sweden	100		100	100	Equity (*)
. Cardif Insurance Company Russie	Russia	100		100	100	Equity (*)
. Cardif Mexico Seguros Generales SA	Mexico	100		100	100	Equity (*)
. Cardif Schadeverzekeringen NV	Netherlands	100		100	100	Fully consolidated
. Cardif Seguros e Garantias	Brazil	100		100	100	Fully consolidated
. Closed Joint Insurance Company Ukraine	Ukraine	100	(1)			
. Compania de Seguros Generales	Chile	100		100	100	Fully consolidated
. Luizaseg	Brazil	49.99		49.99	49.99	Proportional
. Natio Assurance	France	50		50	50	Proportional
. Warranty Direct Ltd	United Kingdom	90.29	(1)			
Mixed insurance (Life and Non-life)						
. BNP Paribas Cardif TCB Life Insurance Company	Taiwan	49		49	49	Equity (*)
. Cardif Seguros de vida	Argentina	100		100	100	Fully consolidated
. Cardif Assicurazioni	Italy	100		100	100	Fully consolidated
. Cardif Assurance Vie SA	France	100		100	100	Fully consolidated
. Cardif Del Peru Compania deSeguros	Peru	100		100	100	Equity (*)
. Cardif Do Brazil Seguros e Providencia	Brazil	100		100	100	Fully consolidated
. Cardif Hayat Sigorta Anonim Sirketi	Turkey	100		100	100	Fully consolidated
. Cardif Provita	Czech	100		100	100	Fully consolidated
. European Reinsurance Limited	Guernesey	100	(1)			
. BNP Paribas Cardif Emeklilik Anonim Sirketi	Turkey	100		100	100	Fully consolidated
. Pinnacle Insurance Company	United Kingdom	100		100	100	Fully consolidated
. Poistovna Cardif Slovakia	Slovakia	100		100	100	Equity (*)
. Polska Life	Poland	100		100	100	Fully consolidated
. BNP Paribas Cardif Life Insurance Co. Ltd	South Korea	85		85	85	Fully consolidated

The percentage of voting indicates the Group's direct and indirect holding in the company concerned.

(*) Controlled companies with operating income between +/-1 and +/-4 million euros are subject to simplified consolidation by the equity method. Hibernia and Capital France Hôtel are under joint control despite being more than 50% owned.

(1) Deconsolidated in 2012

Name	Country	Interest 2011.12 (%)	Change in the scope of consolidation	Interest 2012.12 (%)	Voting 2012.12 (%)	Consolidation method
AUTRES ACTIVITES						
. Cardif Poczta Polska Arka Invesco PTE SA	Poland	33.33		33.33	33.33	Equity (*)
. Direct Life & Pension Services	United Kingdom	100	(1)			
. Financial Telemarketing Services LTD	United Kingdom	100		100	100	Equity (*)
. PSC Limited	United Kingdom	100		100	100	Fully consolidated
. GIE BNP Paribas Cardif	France	98.49		98.49	98.49	Fully consolidated
. I Services	France	100		100	100	Fully consolidated
. Pinnacle Management Services	United Kingdom	100		100	100	Fully consolidated
HOLDINGS						
. BNP Paribas Cardif	France	100		100	100	Société consolidante
. Cardif Holding Incorporated	USA	100	(1)			
. Cardif Nederland Holding BV	Sweden	100		100	100	Fully consolidated
. Cardif Nordic AB	Sweden	100		100	100	Fully consolidated
. Compagnie Bancaire UK - Fond 'C'	United Kingdom	100		100	100	Fully consolidated
. F&B Insurance SA	Belgium	50		50	50	Equity (*)
. NCVP Participacoes SA	Brazil	100		100	100	Fully consolidated
. Pinnacle Insurance Holding	United Kingdom	100		100	100	Fully consolidated

The percentage holding indicates the Group's direct and indirect holding in the company concerned.

(*) Controlled companies with operating income between +/-1 and +/-4 million euros are subject to simplified consolidation by the equity method. Hibernia and Capital France Hôtel are under joint control despite being more than 50% owned.

2.4. Main changes

In 2012, the BNP Paribas Cardif Group deconsolidated the following 9 entities

- **Downward thresholds crossing :**

- Cardivida Correduria Seguros (Espagne): as a result of the gradual termination of business, the company was under balance sheet and net income thresholds. It was wound up in October 2012. The non-material impact of deconsolidation (4 thousand euros) was recorded as "Exceptional result".
- Thai Cardif Insurance Life (Thaïland): the company was under balance sheet and net income thresholds. The non-material impact of deconsolidation (206 thousand euros) was recorded as "Exceptional result"
- Closed Joint Insurance (Ukraine): according to the on-going liquidation process, the company was under consolidation thresholds. Effective liquidation was recorded in BNP Paribas Cardif SA accounts at 31 March 2012. The profit of 1,2 million euros resulting from deconsolidation was booked as « Exceptional result ».
- European Reinsurance (United Kingdom): as a result of the gradual termination of business, the company is under balance sheet threshold. A loss of 1,2 million euros was recorded as "Exceptional Result" as a consequence of deconsolidation.
- Warranty Direct (United Kingdom): The entity is under consolidation thresholds and business outlook is low in the long term. Deconsolidation impact was booked in heading «Consolidated reserves » (Gel de fonds propres)
- Direct Life & Pensions Services (United Kingdom) : From 2009 to 2011, the entity crossed over simplified consolidation thresholds (net income before tax over 1 million euros). As at 2012, the entity crossed net income thresholds downward, and projected cash-flows show stable net income through next years. The company was thus deconsolidated, and deconsolidation impact was booked in "Consolidated reserves".
- Cardif Holding Incorporated (United States) : the subsidiairies of Cardif Holding Inc. were ceded in 2010, subsequently, parent company is under consolidation threshold. The entity was deconsolidated, the impact was booked in « Consolidated reserves »

- **Deconsolidation for operational purposes**

Rubin SARL (France): Despite joint control on the Real Estate holding, BNP Paribas Cardif Group encounters difficulties in collecting Rubin consolidated financial statements in the appropriate deadlines for BNP Paribas Cardif Group publication constraints. The book of the financial assets in Rubin and its valuation in the BNP Paribas Cardif Group consolidated statements reflects more accurately the real estate investment compared to its consolidated trial balance. Rubin being an investment of Cardif Assurance Vie General Fund, the impact of deconsolidation was booked in heading « Net operating income ».

- **Deconsolidation of real estate entities (SCI transparentes)**

SCI Rueil Caudron (France) : Since June 2011, Rueil Caudron building is no more the operating building of BNP Paribas Cardif. In accordance with the paragraph 1011 of CRC Regulation 2000-05, real estate companies backing insurance obligations can be excluded from the scope of consolidation. The net impact of deconsolidation was booked in “Consolidated reserves”.

3. NOTES TO BALANCE SHEET, COMMITMENTS GIVEN AND RECEIVED AND INCOME STATEMENT

3.1 BALANCE SHEET ASSETS

3.1.1 Goodwill

	31.12.2012	31.12.2011
Cardif Lux Vie	3.2	-
BNPP Cardif Vita Compagnia Assicurazione	132.0	139.0
TOTAL	135.2	139.0

The goodwill on Cardif Luxembourg previously recognized in "Investments in associates – Equity method" is now recorded under heading "Goodwill". The goodwill on BNPP Cardif Vita Compagnia Assicurazione (previously Cardif Vita) is amortised over 20 years.

3.1.2 Intangible assets

	31.12.2012			31.12.2011		
	Gross value	Accumulated amortization and impairment	Net carrying value	Gross value	Accumulated amortization and impairment	Net carrying value
Value of business in force	308.2	(82.4)	225.8	307.6	(19.1)	288.5
Purchased and internally developped	374.0	(199.8)	174.2	421.5	(227.5)	194.0
Other intangible assets	213.9	(48.3)	165.7	163.0	(17.9)	145.1
TOTAL	**896.1**	**(330.4)**	**565.6**	**892.1**	**(264.5)**	**627.6**

The change in "Contract portfolio" between 2011 and 2012 is mainly due to the amortisation of the "value of purchased business in force" of BNPP Cardif Vita Compagnia Assicurazione (Cardif Vita in 2011).

The GIE BNP Paribas Cardif recorded in 2012, accelerated amortisations of internally developed software and their retirement amounted to 21.3 million euros.

Changes in other intangible assets were mainly due to the acquisition in Brazil of an exclusive distribution agreement from Magazine Luiza, for a net value of 28 million euros.

3.1.3 Insurance company investments

	31.12.2012			31.12.2011		
	Gross value	Net value	Realisable value	Gross value	Net value	Realisable value
Real estate investments	3,761.6	3,610.3	4,308.8	3,552.5	3,436.5	4,120.5
Equities and variable income securities	4,865.0	4,555.7	4,736.1	3,652.6	3,430.1	3,657.1
Shares in equities UCITS	6,226.6	6,133.9	3,441.7	8,269.3	8,179.5	7,045.3
Bonds and other fixed-income securities	81,487.2	81,491.8	89,862.2	81,146.3	79,663.1	78,807.6
Shares in bonds UCITS	7,720.7	7,712.8	7,876.2	4,988.9	4,988.9	4,955.9
Other investments	1,521.4	1,511.7	1,570.4	3,909.8	3,898.0	3,851.0
Total investments	**105,582.5**	**105,016.2**	**111,795.4**	**105,519.4**	**103,596.1**	**102,437.4**
Total listed investments	#NOM?	94,015.6	99,761.8	97,097.1	95,301.5	93,506.0
Total non listed investments	#NOM?	11,000.6	12,033.6	8,422.3	8,294.6	8,931.4
Life insurance investments	101,974.8	101,427.9	107,975.5	103,540.2	101,636.5	100,494.8
Non-life insurance investments	3,607.7	3,588.3	3,820.0	1,979.2	1,942.6	1,942.6

Realisation of capital gains would give rise of profit sharing to policyholders and minority shareholders and to a tax liability.

3.1.4 Investments backing unit-linked contracts

	Net carrying value	
	31.12.2012	31.12.2011
Real estate investments	992.6	849.2
Equities and variable income securities	3,543.2	2,662.6
Bonds and other fixed-income securities	2,706.2	1,756.3
Shares in bonds UCITS	3,478.2	4,381.7
Other UCITS	21,851.7	20,999.5
TOTAL	**32,571.8**	**30,743.3**

At 31 December 2012, technical reserves relating to unit-linked contracts, which stood at 33,122 million euros (31,349 million euros at 31 December 2011), were covered both by the investments representing these provisions for a total of 33,572 million euros (30,743 million euros at 31 December 2011) and by securities received as collateral from reinsurers of 526 million euros (492 million euros at 31 December 2011).

3.1.5 Investments from other companies

	31.12.2012			31.12.2011		
	Gross carrying value	Impairments	Net carrying value	Gross carrying value	Impairments	Net carrying value
Investments in subsidiaries	227.3	(24.3)	203.0	169.9	(6.5)	163.4
Loans	64.3	-	64.3	61.7	-	61.7
Marketable securities	47.3	-	47.3	81.1	-	81.1
TOTAL	**338.9**	**(24.3)**	**314.6**	**312.7**	**(6.5)**	**306.2**

3.1.6 Investments in associates - Equity method

	31.12.2012		31.12.2011	
	Share of income for the year	Share of equity	Share of income for the year	Share of equity
Europe	18.3	191.8	7.1	213.8
Latin America	(0.4)	100.7	(4.1)	73.5
Asia	24.1	148.7	8.8	123.0
TOTAL	**42.0**	**441.2**	**11.8**	**410.3**

In Europe, the change during the year in the share of income is mainly explained by Cardif Luxembourg Vie, consolidated under the equity method in 2012 (5.2 million euros) and by the increase of F&B Insurance net income (2.2 million euros).
In Latin America and Asia, these changes are explained by a development of the activity in both Peru and Colombia. Changes in the share in shareholders' equity are explained by an increase which intended to support the activity growth. In Europe the share of equity decrease is mainly explain by the deconsolidation of two entities in the United Kingdom.

3.1.7 Receivables arising from outward reinsurance operations

	31.12.2012		31.12.2011	
Life Technical reserves		**1,922.2**		**2,017.0**
- Life Technical reserves	*1,841.2*		*1,913.2*	
- Claim reserves	*76.9*		*82.3*	
- Other technical reserves	*4.2*		*21.5*	
Reserves relating to unit-linked contracts		**426.2**		**428.9**
Total Life insurance		**2,348.4**		**2,445.9**
Non Life Technical reserves				
- Provisions for unearned premiums	*245.5*		*187.8*	
- Claim reserves	*137.0*		*122.5*	
- Other technical reserves	*11.2*		*23.0*	
Total Non-life insurance		**393.6**		**333.3**
TOTAL		**2,742.1**		**2,779.2**

3.1.8 Receivables from direct insurance or reinsurance

	31.12.2012			31.12.2011		
	Gross value	**Impairment**	**Net value**	**Gross value**	**Impairment**	**Net value**
Premiums earned not yet written	22.7	-	22.7	25.3	(0.2)	21.1
Other receivables	1,335.1	(4.9)	1,330.2	999.4	(3.9)	995.5
Receivables from reinsurance	185.0	-	185.0	154.5	-	154.5
TOTAL	**1,542.8**	**(4.9)**	**1,537.9**	**1,179.2**	**(4.1)**	**1,175.1**

Receivables arising from insurance or reinsurance transactions are due in less than one year.

Other receivables include notably a policyholders' loss reserve of BNPP Cardif Vita Compagnia Assicurazione (previously Cardif Vita) for 294 million euros (421 million euros on 31 December 2011). In compliance with accounting policies, this amount will be reversed proportionally with disposals and redemptions of the securities which gave rise to this valuation difference. This heading also includes receivables from policyholders of EUR 259 million and from insurance intermediaries for 815 million euros. Receivables arising on reinsurance transactions represent mainly cedants' current accounts.

3.1.9 Receivables from entities in the banking sector

	31.12.2012			31.12.2011		
	Valeur Brute	**Dépréciation**	**Valeur Nette**	**Valeur Brute**	**Dépréciation**	**Valeur Nette**
Insurance companies – cash at bank	872.2	-	872.2	622.9	-	622.9
Other companies – cash at bank	60.3	-	60.3	69.2	-	69.2
TOTAL	**932.5**	**-**	**932.5**	**692.1**	**-**	**692.1**

Receivables from entities in the banking sector are due in less than one year.

3.1.10 Other receivables

	31.12.2012			31.12.2011		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Insurance						
- Tax and social security receivables	580.2	-	580.2	401.4	-	401.4
- Other receivables	1,522.0	(5.6)	1,516.4	894.7	(12.9)	881.8
Total insurance company receivables	**2,102.2**	**(5.6)**	**2,096.6**	**1,312.1**	**(12.9)**	**1,299.2**
Other companies						
- Tax and social security receivables	19.0	-	19.0	22.7	-	22.7
- Other receivables	77.3	(0.1)	77.2	32.7	-	32.7
Total other company receivables	**96.3**	**(0.1)**	**96.2**	**47.6**	**-**	**84.6**
TOTAL	**2,198.5**	**(5.7)**	**2,192.8**	**1,396.7**	**(12.9)**	**1,383.8**

Tax and social security receivables include deferred tax assets of EUR 439 million in 2012 and the BNP Paribas current account relating to tax consolidation for EUR 55 million.

Others receivables include receivables relating to transactions in financial instruments of 379 million euros

Changes in the heading “Insurance - Other receivables” are due to a reclassification in 2012 of the advances on current accounts (697 million euros) by Cardif Assurance Vie to real estate entities (SCI transparentes). These advances were previously recorded under “Others investments”.

3.1.11 Other assets

	31.12.2012			31.12.2011		
Property, plant and equipment	Gross value	Accumulated amortization and impairment	Net carrying value	Gross value	Accumulated amortization and impairment	Net carrying value
Hardware	32.1	(24.9)	7.2	30.3	(22.4)	7.9
Fixtures and fittings	9.4	(5.2)	4.2	18.0	(4.7)	13.3
Other	25.8	(19.1)	6.7	30.7	(20.6)	10.1
TOTAL	**67.3**	**(49.2)**	**18.1**	**79.0**	**(47.7)**	**31.3**

3.1.12 Accrued income and other assets

	31.12.2012			31.12.2011		
	Life	Non-life	Total	Life	Non-life	Total
Deferred acquisition costs	113.2	1,085.4	1,198.7	1,020.9	1,089.1	2,110.0

Acquisition costs for creditors insurance sold in Italy, Germany, the United Kingdom, Chile, the Netherlands, Taiwan and Brazil represent the bulk of the amounts carried on the balance sheet. Calculation is consistent with the calculation of unearned premiums reserves.

The change in the balance sheet presentation for the provisions in creditor insurance business as described in 2.2.6.1 explains a decrease of 972 million euros in the heading from last year.

Other adjustment accounts broke down as follows:

	31.12.2012	31.12.2011
Insurance companies		
- accrued interest and rent	1,741.3	1,775.5
- other	117.9	166.3
Other companies	27.8	26.6
TOTAL	**1,887.1**	**1,968.4**

3.2 BALANCE SHEET LIABILITIES

3.2.1 Statement of changes in shareholders' equity

	Share capital	Shares premiums	Consolidated reserves	Retained earnings	Total shareholders' equity
Position at 31 December 2011	**999.7**	**3,813.3**	**(377.8)**	**457.8**	**4,893.0**
- Appropriation of net income for 2011	-	-	457.8	(457.8)	-
- Net income for 2012	-	-	-	383.4	383.4
- Changes in share capital	(848.7)	-	(1.2)	-	(849.9)
- Dividend payment	-	-	(195.6)	-	(195.6)
- Exchange rates	-	-	(40.3)	-	(40.3)
Position at 31 December 2012	**151.0**	**3,813.3**	**(157.1)**	**383.4**	**4,190.6**

During the year, BNP Paribas Cardif reduced its capital by 848.7 million euros, as a reduction in nominal value from 16 euros to 2.4 euros.

3.2.2 Subordinated debts

Subordinated debts issued by Group entities had the following characteristics:

Type	Issuer	Subscriber	Issue date	Maturity	Amount 31.12.2012
PSLN	Cardif Assurance Vie	BNP Paribas SA	23/12/2004	-	125.0
PSLN	Cardif Assurance Vie	BNP Paribas SA	23/12/2004	-	32.0
PSLN	BNP Paribas Cardif SA	BNP Paribas SA	23/12/2011	-	101.0
PSLN	BNP Paribas Cardif SA	BNP Paribas SA	30/03/2012	-	710.0
PSLN	BNP Paribas Cardif SA	BNP Paribas SA	30/03/2012	-	140.0
PSLN	BNP Paribas Cardif SA	BNP Paribas SA	17/12/2012	-	195.0
RSLN	Cardif Assurance Vie	BNP Paribas SA	23/12/2004	23/12/2014	175.0
RSLN	Cardif Assurance Vie	BNP Paribas SA	23/12/2004	23/12/2014	78.0
RSLN	BNP Paribas Cardif SA	BNP Paribas SA	23/12/2011	23/12/2021	753.0
RSLN	BNP Paribas Cardif SA	BNP Paribas SA	17/12/2012	17/12/2022	277.0
Subordinated debts issued by insurance companies					**410.0**
Subordinated debts issued by BNP Paribas Cardif S.A.					**2,176.0**
Accrued interest					**2.3**
TOTAL SUBORDINATED DEBTS					**2,588.3**

The Perpetual Subordinated Loan Notes (PSLN), except in the case of early redemption with 5 years' notice, are redeemable in the event of the liquidation of the company, at a price at least equal to par.

The Redeemable Subordinated Loan Notes (RSLN), except in the case of early redemption within the first 5 years, are redeemable at term or in the event of the liquidation of the company, at a price at least equal to par.

Redemption of the PSLN and RSLN in the event of liquidation of the company will be subordinated to full repayment of all preferred and unsecured creditors.

3.2.3 Technical reserves

	31.12.2012		31.12.2011	
Life Technical reserves:		**92,350.6**		**91,504.2**
- Life Technical reserves	89,248.4		88,678.1	
- Claim reserves	1,243.5		1,202.4	
- Participation benefit and other technical reserves	1,858.7		1,623.7	
Non Life Technical reserves:		**3,267.2**		**3,307.5**
- Provisions for unearned premiums	2,240.7		2,223.9	
- Claim reserves	892.0		877.6	
- Provisions for unexpired risks	4.2		7.0	
- Participation benefit and other technical reserves	130.3		199.0	
TOTAL		**95,617.8**		**94,811.7**

Policyholders' benefit reserve breaks down as follows:

	31.12.2012		31.12.2011	
Participation benefit due		**165.5**		**255.1**
Deferred policy holder benefit		**1,618.3**		**1,192.2**
- Unconditional :	**1,075.8**		**776.9**	
- of which relating to provisions for eligibility risks	-		236.8	
- Conditional :	**542.5**		**415.3**	
- relating to the elimination of the capitalisation reserve	567.9		475.4	
- relating to changes in the mortality table	(14.0)		(16.5)	
TOTAL		**1,783.8**		**1,447.3**

A deferred policyholders' asset have been recognised in accordance with the CNC release dated on January 10th 2007 relative to the accounting treatment of the effects of changes in the mortality table for annuities.

3.2.4 Provisions for risks and charges

3.2.4 Provisions for risks and charges

	31.12.2012	31.12.2011
Provisions for risks	86.3	92.8
Provision for "Employee benefits"	24.9	23.7
Income tax provision	50.0	36.1
TOTAL	**161.2**	**156.6**

Tax provisions correspond to deferred tax liabilities.

3.2.5 Debts from direct insurance or reinsurance

	31.12.2012		31.12.2011	
Debts from direct insurance		**1,618.4**		**1,305.5**
- Policyholders	182.8		105.7	
- Other debts	1,435.6		1,199.8	
Debts from reinsurance		**1,891.8**		**1,747.9**
- Cash deposits from reinsurers	1,720.1		1,642.1	
- Other debts	171.7		105.8	
TOTAL		**3,510.2**		**3,053.4**

Debts from direct insurance or reinsurance transactions are due in less than one year.

3.2.6 Debts from entities in the banking sector

	31.12.2012		31.12.2011	
Insurance companies		**6,811.7**		**6,927.6**
- Financing debt	479.1		333.0	
- Loans	306.4		360.4	
- Repurchase agreements	6,026.3		6,234.2	
Other companies		**1,553.9**		**1,663.5**
- Financing debt	3.6		57.7	
- Loans	1,550.3		1,605.8	
TOTAL		**8,365.7**		**8,591.1**

Debts to credit institutions fall due in less than one year.

3.2.7 Other debts

	31.12.2012		31.12.2011	
Insurance companies		**1,447.9**		**1,254.0**
- Employee profit sharing	2.1		1.3	
- Staff	8.9		13.9	
- State	154.6		244.5	
- Income tax due	97.1		19.0	
- Other creditors and miscellaneous liabilities	1,185.2		975.3	
Other companies		**251.1**		**219.6**
- Staff	16.1		12.3	
- State	6.0		0.9	
- Income tax due	0.5		1.8	
- Other creditors and miscellaneous liabilities	228.5		204.6	
TOTAL		**1,699.0**		**1,473.6**

Other debts fall due in less than one year.

3.2.8 Accrued expenses and other liabilities

	31.12.2012		31.12.2011	
Insurance companies		**316.1**		**260.1**
- Deferred income	1.6		4.5	
- Other	314.5		255.6	
Other companies		**0.6**		**-**
TOTAL		**316.7**		**260.1**

Liability adjustment accounts for insurance companies concern mainly the carrying of commissions received from reinsurers for a total of 250 million euros.

3.3 COMMITMENTS GIVEN AND RECEIVED

3.3.1 Commitments given and received in the Insurance segment and other businesses

	31.12.2012		31.12.2011	
Commitments received		**276.0**		**225.8**
Commitments given		**1,150.5**		**574.7**
- Endorsements, deposits and guarantees given	48.4		214.9	
- Titres et actifs acquis avec engagements de revente	-		-	
-Other commitments given	1,102.1		359.7	
Securities received as collateral from reinsurers		**525.5**		**492.1**
Securities from reinsured institutions with joint guarantee or with substitution		**-**		**470.7**

The consolidated table of commitments given and received does not include:

- commitments given to and received from internal investment funds, owned by certain foreign insurance companies, to the extent that they match the valuation of unit-linked policies, for which the internal funds in question serve as investment vehicles. Their effects are therefore recognised in the consolidated balance sheet and income statement.
- commitments given and received relating to the activities of BNP Paribas Cardif Emeklilik as an intermediary for pension fund products. Such commitments totalled approximately EUR 267 million on December 31st 2012.
- Commitments received for contingent liabilities from the new entity Cardif Luxembourg Vie further to the merger operation amounting to 375 million euros.

The amount reported in 2011 in heading "Securities from reinsured institutions with joint guarantee or with substitution" are now reported in heading "Other commitments given"

3.3.2 Commitments given and received on financial instruments

Taking all business segments together, commitments given and received on financial instruments were as follows:

Commitments received	**31.12.2012**	**31.12.2011**
- Forward foreign exchange transactions	818.6	1,413.3
- Currency swap contracts	73.3	45.3
- CAP contracts	11,800.0	13,345.0
- Discount remaining to be amortised	34.5	42.6
- Other commitments received on financial instruments	781.7	297.0
TOTAL	**13,508.1**	**15,143.2**

Commitments given	**31.12.2012**	**31.12.2011**
- Forward foreign exchange transactions	848.2	1,419.7
- Currency swap contracts	77.5	42.4
- Other commitments given on financial instruments	816.5	300.0
TOTAL	**1,742.3**	**1,762.1**

CAP contracts matured in June 2012 from Cardif Assurance Vie amount to 1,545 million euros within the interest-rate hedging.

Other undertakings given and received on financial instruments concern an equity swap from Cardif Assurance Vie for 300 million euros and currency swap contracts in force on December 31st 2012.

3.4 INCOME STATEMENT

3.4.1 Net financial income

	31.12.2012				31.12.2011
	Non-life	Life	Other activities	Total	Total
Yield on investments	110.7	4,067.8	11.5	4,190.0	4,064.5
Other investment income	13.7	370.1	5.7	389.6	192.6
Realised gains	22.1	1,000.2	6.3	1,028.6	1,059.7
Unit-linked adjustments (unrealised gains) on unit-linked contracts	-	3,061.8	-	3,061.8	842.1
				-	
Investment internal and external handling expenses and interests paid	(2.3)	(221.5)	(136.1)	(360.0)	(321.2)
Other investment expenses	(10.1)	(444.8)	41.5	(413.4)	(324.7)
Realised losses	(19.8)	(777.0)	(42.3)	(839.1)	(1,351.0)
Unit-linked adjustments (unrealised losses) on unit-linked contracts	-	(429.8)	-	(429.8)	(2,921.8)
NET INVESTMENT INCOME	**114.4**	**6,626.8**	**(113.6)**	**6,627.6**	**1,240.2**

3.4.2 Management expenses

The Group's general resources are, for French entities, managed by the BNP Paribas Cardif Economic Interest group (GIE) which invoices its services to Group entities in proportion of use. This internal allocation is eliminated in the presentation of management costs by nature.

	31.12.2012				31.12.2011
	Non Life Insurance	Life Insurance	Other businesses	TOTAL	TOTAL
External fees and services	(46.9)	(93.2)	(239.8)	(379.9)	(251.9)
Commissions and deferred commissions	(1,190.7)	(2,035.5)	(15.7)	(3,241.9)	(2,906.2)
Taxes and duties	(17.7)	(44.7)	(29.3)	(91.7)	(96.3)
Staff costs	(58.5)	(97.0)	(271.5)	(427.0)	(381.8)
Other income and expense	21.2	121.2	154.4	296.8	129.0
Amortisation, depreciation and impairment	(24.8)	(108.5)	(57.9)	(191.2)	(122.8)
Reversals of provisions	6.1	20.1	0.6	26.8	33.5
Management expenses by nature	**(1,311.3)**	**(2,237.6)**	**(459.2)**	**(4,008.1)**	**(3,596.5)**
Internal eliminations and other reclassification	(102.6)	(353.2)	455.8	-	(0.2)
Total management expenses	**(1,413.9)**	**(2,590.8)**	**(3.4)**	**(4,008.1)**	**(3,596.7)**

3.4.3 Exceptional result

	31.12.2012	31.12.2011
Income on disposals of intangible assets		(3.9)
Net realized result on sale of subsidiaries	6.8	(4.4)
Other income and expense	(1.0)	2.0
TOTAL	**5.8**	**(6.3)**

In 2012, the exceptional result is mainly related to the impacts of the entities deconsolidated.

3.4.4 Corporate income tax

The analysis of the tax charge between deferred tax and tax due was as follows:

	31.12.2012	31.12.2011
- Taxes due	(349.2)	(113.4)
- Deferred taxes	62.5	(176.4)
TOTAL	**(286.7)**	**(289.8)**

The reconciliation of the total tax charge recognised and the theoretical tax charge, calculated by applying the tax rate applicable to BNP Paribas Cardif to income before tax, is as follows:

Reconciliation of the effective tax expense at 31 December 2012	Base	Tax
Corporate tax expense on pre-tax income at standard tax rate in France	633.7	(228.8)
Impact of differently taxed foreign profits	431.0	18.3
Other items	-	(40.5)
Impact of previously unrecognised deffered taxes (tax losses and temporary differenc	197.0	(37.0)
Impact of permanent differences	7.1	1.3
Tax		**(286.7)**

The analysis of deferred tax assets and liabilities is as follows:

	31.12.2012		31.12.2011	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Temporary differences	439.0	34.0	370.1	29.5
Non-capitalised temporary differences	225.8	9.3	122.5	127.4

Temporary differences include deferred tax on tax loss carryforwards which stood at EUR 67.9 million at 31 December 2012 from EUR 181.0 million in 31 December 2011.

3.4.5 Other information

At 31 December 2012 the company had 5,895 FTE (full-time equivalent) employees. This represents the employees at fully consolidated companies within the scope of consolidation of BNP Paribas Cardif. At 31 December 2011 this figure was 5,558 FTE employees.

4. SEGMENT INFORMATION

4.1 Income statement by segment

4.1.1 Non-life insurance technical account

	31.12.2012			31.12.2011
	Gross	Ceded	Net	Net
Earned premiums	**2,142.4**	**(211.4)**	**1,930.9**	**1,805.3**
- Gross written premiums	2,182.7	(269.2)	1,913.5	1,910.9
- Change in unearned premiums	(40.3)	57.8	17.4	(105.6)
Net investment income	**114.4**	**-**	**114.4**	**79.5**
Other operating income	**3.6**	**-**	**3.6**	**6.9**
Claims costs	**(569.1)**	**77.4**	**(491.7)**	**(473.3)**
- Claims and expenses paid	(561.5)	65.0	(496.4)	(431.9)
- Change in outstanding claim reserves	(7.6)	12.4	4.7	(41.4)
Changes in other technical reserves	**6.9**	**(2.2)**	**4.7**	**(0.9)**
Participation benefits	**(16.4)**	**3.5**	**(12.8)**	**(7.6)**
Acquisition and administration costs	**(1,367.5)**	**95.8**	**(1,271.7)**	**(1,007.3)**
- acquisition costs	(1,258.8)	-	(1,258.8)	(1,057.0)
- administration costs	(108.6)	-	(108.6)	(54.9)
- Commissions received from reinsurers	-	95.8	95.8	134.6
Other technical expenses	**(46.4)**	**-**	**(46.4)**	**(131.0)**
Change in equalization reserve	**55.9**	**(8.4)**	**47.6**	**25.0**
Non life insurance technical income	**323.8**	**(45.3)**	**278.6**	**296.6**

4.1.2 Life insurance technical account

	31.12.2012			31.12.2011
	Opérations brutes	Cessions et rétrocessions	Opérations nettes	Opérations nettes
Premiums	**16,315.4**	**(539.9)**	**15,775.5**	**14,330.2**
Net investment income	**3,994.8**	**-**	**3,994.8**	**3,280.9**
Unit-linked adjustments (unrealised gains) on unit-linked contracts	**3,061.8**	**-**	**3,061.8**	**842.2**
Other technical income	**197.2**	**-**	**197.2**	**21.8**
Claims	**(16,368.9)**	**269.4**	**(16,099.5)**	**(12,614.9)**
- Claims and expenses paid	(16,386.8)	273.4	(16,113.4)	(12,519.9)
- Change in outstanding claim reserves	17.9	(4.0)	13.9	(95.0)
Changes in life insurance technical reserves and other technical reserves	**(290.7)**	**(77.1)**	**(367.8)**	**1,889.6**
- Life insurance reserves	4,191.6	(87.4)	4,104.2	(338.0)
- Unit-linked contracts	(4,483.3)	10.3	(4,473.0)	2,239.6
- Other technical reserves	1.0	-	1.0	(12.0)
Participation benefit	**(3,376.8)**	**54.0**	**(3,322.9)**	**(2,140.3)**
Acquisition and administration costs	**(2,518.5)**	**321.7**	**(2,196.9)**	**(1,972.4)**
- Acquisition costs	(1,727.9)	-	(1,727.9)	(1,425.2)
- Administration costs	(790.6)	-	(790.6)	(682.3)
- Commissions received from reinsurers	-	321.7	321.7	135.1
Unit-linked adjustments (unrealised losses) on unit-linked contracts	**(429.8)**	**-**	**(429.8)**	**(2,921.8)**
Other technical expenses	**(72.2)**	**-**	**(72.2)**	**(205.2)**
Change in equalization reserve	**71.7**	**(17.4)**	**54.3**	**60.5**
Employee profit sharing	**-**	**-**	**-**	**(0.1)**
Life insurance technical income	**584.0**	**10.7**	**594.5**	**570.5**

4.1.3 Operating account – Other businesses

	31.12.2012	31.12.2011
Operating income	4.4	3.7
Operating expenses	(133.9)	(127.5)
Net charges/reversals to depreciation, amortisation and provisions	(3.4)	(10.9)
OPERATING INCOME	**(132.9)**	**(134.7)**
Net Investment income	(113.5)	(40.5)
Recurring operating income	**(246.4)**	**(175.2)**

4.2 Other segment information

The analysis of earned premiums by geographic area is shown below:

	Life insurance		Non-life insurance	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
- France	10,736.9	10,342.5	598.6	571.0
- Italy	2,946.5	1,058.0	174.5	183.4
- Luxembourg	-	984.3	0.2	-
- Rest of Europe	548.5	508.6	786.8	759.0
- Latin America	317.4	276.4	455.4	387.8
- Asia	1,766.0	1,614.2	126.8	92.1
TOTAL EARNED PREMIUMS	**16,315.4**	**14,784.0**	**2,142.4**	**1,993.3**

The analysis of written premiums by category is shown below:

	Life and Non-life insurance	
	31.12.2012	31.12.2011
- Individual savings	13,060.6	12,162.0
- Individual protection	4,253.2	4,189.0
- Employee benefits	1,003.1	498.2
- Property and casualty	181.2	86.9
TOTAL EARNED PREMIUMS	**18,498.1**	**16,931.1**

The analysis of gross technical reserves by category is shown below:

	Life and Non-life insurance	
	31.12.2012	31.12.2011
- Individual savings	114,994.4	112,371.2
- Individual protection	4,930.3	5,867.7
- Employee benefits	7,695.7	6,897.9
- Other global reserves	868.7	885.6
- Property and casualty	250.6	138.1
TOTAL GROSS TECHNICAL RESERVES	**128,739.7**	**126,160.5**