BNP PARIBAS CARDIF

CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2013

BNP PARIBAS CARDIF 2013 CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET (before appropriation)

(in millions of euros)

ASSETS	Note	31.12.2013	31.12.2012
Goodwill	3.1.1	**128,0**	**135,2**
Intangible assets	3.1.2	**418,4**	**565,6**
Insurance company investments	3.1.3	**112 142,6**	**105 016,2**
- Investments in real estate properties		*4 195,3*	*3 610,3*
- Investments in affiliated undertakings and participating interests		*3 851,6*	*5 094,9*
- Other investments		*104 095,7*	*96 310,9*
Investments backing unit-linked contracts	3.1.4	**33 282,9**	**32 571,8**
Investments from other companies	3.1.5	**294,7**	**314,6**
Investments in associates - Equity method	3.1.6	**432,1**	**483,2**
Receivables arising from outward reinsurance operations	3.1.7	**2 819,7**	**2 742,1**
Receivables from direct insurance or reinsurance	3.1.8	**1 105,1**	**1 537,9**
Receivables from entities in the banking sector	3.1.9	**797,5**	**932,5**
Other receivables	3.1.10	**1 367,5**	**2 192,8**
Other assets	3.1.11	**18,1**	**18,1**
Accrued income and other assets	3.1.12	**3 220,4**	**3 085,7**
- Deferred acquisition costs		*1 231,3*	*1 198,7*
- Other		*1 989,1*	*1 887,1*
Foreign exchange differences		**-**	**2,9**
TOTAL ASSETS		**156 027,0**	**149 598,6**

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	31.12.2013	31.12.2012
Shareholders' equity - Group share	3.2.1	**4,067.8**	**4,190.6**
- Share capital		*151.0*	*151.0*
- Shares premiums		*3,813.3*	*3,813.3*
- Consolidated reserves		*(284.0)*	*(157.1)*
- Net consolidated income		*387.5*	*383.4*
Minority interests		**33.3**	**27.1**
Subordinated debts	3.2.2	**2,588.7**	**2,588.3**
Gross technical reserves	3.2.3	**101,689.2**	**95,617.9**
- Life Technical reserves		*98,208.0*	*92,350.7*
- Non Life Technical reserves		*3,481.2*	*3,267.2*
Technical reserves related to unit-linked contracts	3.1.4	**33,810.6**	**33,121.8**
Provisions for risks and charges	3.2.4	**166.3**	**161.2**
Debts arising out of direct insurance or reinsurance	3.2.5	**3,146.3**	**3,510.2**
Liabilities due to banking sector companies	3.2.6	**8,684.7**	**8,365.7**
Other debts	3.2.7	**1,648.2**	**1,699.0**
Accrued expenses and other liabilities	3.2.8	**189.7**	**316.7**
Foreign exchange differences		**2.2**	**-**
TOTAL LIABILITIES		**156,027.0**	**149,598.6**

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

CONSOLIDATED TABLE OF COMMITMENTS GIVEN AND RECEIVED

(in millions of euros)

COMMITMENTS RECEIVED AND GIVEN	Note	31.12.2013		31.12.2012	
Commitments received	3.3.1		**839,6**		**801,5**
- Insurance companies		*767,6*		*729,5*	
- Other companies		*72,0*		*72,0*	
Commitments given	3.3.1		**1 179,8**		**1 150,5**
- Insurance companies		*970,0*		*937,0*	
- Other companies		*209,9*		*213,5*	

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 2013

(in millions of euros, except earnings per share in euros)

	Note	Non-life insurance	Life insurance	Banking	Other businesses	31.12.2013	31.12.2012
Gross written premiums	4.2	2,632.9	17,174.5			19,807.4	18,498.1
Change in unearned premiums		(96.9)	-			(96.9)	(40.3)
Earned premiums		**2,536.0**	**17,174.5**	-	**-**	**19,710.5**	**18,457.7**
Income from other activities	4.1.3				15.8	15.8	4.4
Other operating income		7.8	208.3			216.2	200.8
Net investment income	3.4.1	135.1	6,129.3		(131.1)	6,133.3	6,627.7
Operating revenues		**2,678.9**	**23,512.2**	**-**	**(115.3)**	**26,075.7**	**25,290.6**
Technical charges relating to insurance activities		(772.6)	(20,379.6)			(21,152.2)	(20,487.4)
Net result from outward reinsurance	4.1	(62.9)	85.4			22.6	(34.6)
Expenses from other activities	4.1.3				(179.8)	(179.8)	(133.9)
Management expenses	3.4.2	(1,578.3)	(2,516.6)			(4,095.0)	(4,008.1)
Operating expenses		**(2,413.7)**	**(22,810.8)**	**-**	**(179.8)**	**(25,404.4)**	**(24,663.9)**
Net operating income		**265.1**	**701.3**	**-**	**(295.1)**	**671.4**	**626.6**
Other income and expenses						3.5	1.2
Exceptional result	3.4.3					10.4	5.8
Corporate income Tax	3.4.4					(320.6)	(286.7)
NET INCOME FROM CONSOLIDATED COMPANIES						**364.6**	**347.1**
Shares in earnings of associates						30.8	42.0
Goodwill amortization	3.1.1					(7.2)	(4.9)
NET CONSOLIDATED INCOME AFTER TAX						**388.2**	**384.2**
Minority interests						(0.8)	(0.8)
NET CONSOLIDATED INCOME - GROUP SHARE						**387.5**	**383.4**
Earnings per share (in euros)						6.20	6.14
Diluted earnings per share (in euros)						6.20	6.14

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

- **Effects of the retrospective application of ANC recommendation 2013-02 relating to the valuation and recognition of employee benefits in the French GAAP consolidated accounts:**

On January 1st, 2013, BNP Paribas Group applied IAS 19 in its consolidated accounts as adopted by the European Commission in June 2012. Following the Group decision and in accordance with the option set out in the ANC recommendation dated on 7 November 2013 (2013-02) regarding the rules relating to the valuation and recognition of pension and similar obligations, BNP PARIBAS CARDIF chose to comply with IAS 19 in its consolidated financial statements, which results in the recognition of all actuarial differences in the income statement, whether they relate to adjustments based on experience or to the effects of changes in assumptions, with no possible deferral (elimination of the "corridor" method).

The recommendation provides for an application to accounting periods beginning on or after January 1st, 2014 with possible early adoption from January 1st, 2013. BNP Paribas Cardif Group has elected to early adopt. Changes resulting from the first-time application have been treated in accordance with the recommendations on changes in accounting methods set out in article 314-1 of CRC regulation n°99-03 relating to the General Chart of Accounts. The after-tax effect of the standard retrospective application is recognised in "Other consolidated reserves" at the opening of the accounting period during which it was first applied. It amounts to all past actuarial adjustments not previously recognised in income, the "corridor" method being applied at the time. As a result, in the consolidated financial statements at 1 January 2013, the commitments of BNP PARIBAS CARDIF increase by EUR 2,534,000 recognised as a liability under "Provisions for risks", a balancing entry to the change in "Other consolidated reserves".

- **Changes in the regulatory and accounting framework for fixed income securities**

Decree n°2013-717 of 2 August 2013 modified certain investment rules for insurance companies. It extended the list of financial assets eligible to backing insurance liabilities to include investments in debt of unlisted companies and local authorities, direct investment or through credit funds. Following the Decree publication, the French Standard setter, the ANC, adopted regulation 2013-03 that adjusts the specific accounting framework for such instruments, notably with the introduction of a depreciation method that takes into account the company intent and capacity to hold the instruments and that distinguishes between credit risk and other risks relating to market fluctuations.

Analyses of this new regulation indicate that there was no impact on BNP PARIBAS CARDIF consolidated financial statements at 31 December 2013.

Other accounting rules and methods used for the financial year were unchanged from those used in the preparation of the 2012 financial statements..

1.3. Highlights

- **Change in the scope of consolidation**

Changes in the scope of consolidation between 2012 and 2013 are detailed in note 2.4 "Main changes".

- **Change in French corporate tax rate**

The 2014 budget act, law n° 2013-1278 dated on December 29th, 2013, introduced an increase of the exceptional corporate tax rate as set out in article 235 ter ZAA in the CGI charge, from 5% to 10.7% for French companies with annual revenue of more than EUR 250 million. This new rate took the total corporate tax rate from 36.1% to 38%, excluding the 3% contribution on dividends. This rate will be applicable for accounting periods closing between 31 December 2013 and 31 December 2014. For subsequent years, the rate assumed is 34.43%.

- **Exposure to Greek sovereign debt risk**

The BNP PARIBAS CARDIF Group has not held Greek sovereign debt since October 2012.

- **BNP PARIBAS CARDIF Group's exposure to Euro zone sovereign credit risk** (fully consolidated and proportionally consolidated entities)

	Global	
(in millions of euros)	**Acquisition cost net of impairments**	**Market value**
Germany	1 114	1 228
Austria	1 655	1 813
Belgium	3 861	4 081
Spain	2 160	2 210
France	13 969	14 818
Ireland	551	564
Italy	12 387	13 421
Netherlands	979	1 119
Portugal	182	182
Other	1 350	1 480
Total Eurozone	**38 210**	**40 917**

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 in which the Group's exercise exclusive control (subsidiaries), joint control (joint ventures) or significant influence (associate undertakings). They are accounted for under the appropriate method. Exclusively controlled companies are fully consolidated and joint ventures are accounted for using the proportional method. Companies in which the Group has 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, investment funds backing unit linked contracts are excluded from the scope of consolidation, as are real estate companies backing insurance obligations when the conditions set out by regulation are met.

2.1.1.1. Exclusively and jointly controlled companies

A Group has an 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 the company; or
- the election, for two successive years, of the majority of the members of the administrative, management or supervisory bodies of the company; or
- the right to exercise dominant influence over the company as per contracts or clauses in the company's articles of association, when allowed by law allows.

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

Exclusively controlled companies are fully consolidated by BNP PARIBAS CARDIF. Jointly controlled companies are consolidated under the proportional method when they represent a contribution to the Group consolidated financial statements greater than 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 that 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 under the equity method, a simplified consolidation method, thus reflecting their significant nature. Other controlled companies that 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 a company without exercising control. In particular, significant influence may result from representation on the management or supervisory bodies of the company, participation in strategic decisions, existence of significant inter-enterprise transactions, exchange of management staff or dependency stemming from technical interactions.

Significant influence over the financial and operating policy of a company is presumed when the consolidating company owns, directly or indirectly, at least 20% of the voting rights of the company.

For companies under significant influence, the following thresholds apply:

- EUR 40 million for total assets on an equity basis;
- +/- EUR 1 million for 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 were previously recognised under the heading “Investment in associates – Equity method”. They 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 of the consolidated companies closed on December 31st. By way of exception, consolidated companies that have a different statutory closing date prepare accounting documents for consolidation purposes that cover the period from January 1st to December 31st. This is the case for Cardif Seguros SA Argentina that closes its accounts on June 30th.

2.1.5. Segment reporting of consolidated financial statements

Consolidated financial statements are presented by business segment: 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 year 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 from 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 andshares in unlisted real estate companies that are not included in the consolidation scope 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. 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 (ACPR). 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.

When 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 to determine whether it has to be impaired.

- *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. Together with other events, they could be a sign of the 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.

➢ *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 and Cardif Risques Divers in France, Cardif Vita Assicurazione in Italy and Cardif Luxembourg Vie in Luxembourg.

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 18 December 2002;
- 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.

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

➢ *Amortizable securities*

ANC regulation n° 2013-03 of 13 December 2013 that relates to the impairment rules of amortizable securities referred to in article R332-20 of the French Insurance code introduces the principle of premium/discount. The difference between the acquisition cost and the redemption value is recognised in income over the remaining life of the security on an actuarial basis, and using the yield to maturity observed at the time of acquisition. The amortised portion is recognised in the balance sheet as an asset (discount) or liability (premium) in prepayment or accrual accounts.

Amortizable securities referred to in article R332-20 are impaired according to ANC regulation 2013-03 of 13 December 2013. This regulation defines the general method of depreciation that takes into account the company intent and capacity to hold the instruments and that distinguishes between credit risk and other risks relating to market fluctuations.

If the insurance company has the intention and the ability to hold the debt securities referred to in article R.332-20 of the French Insurance code up to maturity, permanent impairment is analysed only in view of credit risk; if no credit risk is ascertained, the unrealized loss due to the increase in risk free rate is not booked in the financial statements.

If the insurance company does not have the intention nor the ability to hold these investments to maturity, permanent impairment is recognised based of an analysis of all risks identified for the investment, and taking into account the projected holding period.

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 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 the "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.

  When 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 life 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 during 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 values its 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.

Technical reserves on variable insurance contracts are revalued 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 is not available as required for the calculation of technical reserves. In such cases, the mathematical reserve is approximated using a premium deferral approach applied contract by contract after deduction 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 "Receivables arising from insurance operations".

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 accident and health risks. It is recorded 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 the liabilities resulting from an obligation that is probable or certain at the closing date but which timing or amount has not been precisely determined.

2.2.9. Employee benefits

Under various agreements, the BNP PARIBAS CARDIF Group is committed to pay to its employees:

- long-term benefits, including compensated absences and long-service awards; The actuarial techniques used are similar to those used for defined benefit post-employment benefits, the revaluation items are recognised immediately in profit and loss account.
- post-employment benefits which consisted primarily of retirement bonuses in France at 31 December 2013: in accordance with the ANC recommendation, retirement benefits are considered as defined-benefit scheme, representing a commitment for the company, which must be valued and funded.

Post-employment benefits obligations under defined benefit plans are reviewed on a yearly basis. The corresponding liability is adjusted to reflect the change in the net present value of the obligations, so as to ensure that they are fully provided for. It is measured on the basis of the 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.

The net liability recognised with respect to post-employment benefit plans is the difference between the present value of the defi ned-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 the Group, using the projected unit credit method. This valuation method takes into account various parameters such as demographic assumptions, the probability that employees will leave before retirement age, salary inflation, a discount rate, and the general inflation rate.

The annual expense with respect to defined-benefit plans includes the current service cost (the rights vested by each employee during the period in return for service rendered), the net interests linked to the effect of discounting the net defined-benefit liability/asset, the past service cost arising from plan amendments or curtailments, and the effect of any plan settlements.

Remeasurements of net defined-benefit liability are recognised directly in profit and loss account. They include actuarial gains and losses, the return on plan assets and any changes in the effect of asset ceiling (excluding amounts included in net interest on the defined-benefit liability/asset).

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 47 companies consolidated at 31 December 2013 (30 fully consolidated, 4 proportionally consolidated, 13 consolidated using the equity method) were as follows:

Name	Country	Interest 2013.12 (%)	Voting 2013.12 (%)	Change in the scope of consolidation	Interest 2012.12 (%)	Consolidation method
INSURANCE						
Life insurance						
. Assuvie	France	50	50		50	Equity (*)
. BNP Paribas Cardif Vita Assicurazione	Italy			(1)	100	
. 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 (*)
. Compania de Seguros de Vida	Chile	100	100		100	Fully consolidated
. 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
Non-life insurance						
. Cardif Assurance Risques Divers Hongrie	Hungary	100	100		100	Equity (*)
. Cardif Assurance Risques Divers SA	France	100	100		100	Fully consolidated
. Cardif Colombia Seguros Generales SA	Colombia	100	100	(2)	100	Fully consolidated
. Cardif Forsakring	Sweden	100	100		100	Equity (*)
. Cardif Insurance Company Russie	Russia	100	100	(2)	100	Fully consolidated
. 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
. 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
Mixed insurance (Life and Non-life)						
. BNP Paribas Cardif Emeklilik Anonim Sirketi	Turkey	100	100		100	Fully consolidated
. BNP Paribas Cardif Life Insurance Co. Ltd	South Korea	85	85		85	Fully consolidated
. BNP Paribas Cardif TCB Life Insurance Company	Taiwan	49	49		49	Equity (*)
. 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
. Cardif Seguros de vida	Argentina	100	100		100	Fully consolidated
. Cardif Vita Assicurazione	Italy	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

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) Company merged with Cardif Assicurazioni on January 1st, 2013
(2) Change in consolidation method

Name	Country	Interest 2013.12 (%)	Voting 2013.12 (%)	Change in the scope of consolidation	Interest 2012.12 (%)	Consolidation method
OTHER BUSINESSES						
. Cardif Poczta Polska Arka Invesco PTE SA	Poland	33,33	33,33		33,33	Equity (*)
. Financial Telemarketing Services LTD	United Kingdom	100	100		100	Equity (*)
. 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
. PSC Limited	United Kingdom	100	100		100	Fully consolidated
HOLDINGS						
. BNP Paribas Cardif	France	100	100		100	Consolidating company
. Cardif Nederland Holding BV	Netherlands	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

The BNP PARIBAS CARDIF Group made the following changes to the scope of consolidation in 2013:

- **Merger of BNP Paribas Cardif Vita Assicurazione with Cardif Assicurazioni**

At 1 January 2013 BNP Paribas Cardif Vita Assicurazione was merged into Cardif Assicurazioni Spa, with the new entity now called Cardif Vita Assicurazione. As this was an internal transaction, it was treated in accordance with the general principles applicable to transactions between two fully consolidated companies. The charge recognised in local accounts is eliminated in consolidated financial statements, whilst its tax amortisation over 10 years creates a non-deductible permanent difference and does not therefore give rise to a deferred tax asset in consolidated financial statements.

- **Change in consolidation method**

Cardif Colombia Seguros Generales SA and Cardif Insurance Company Russia, which had previously been consolidated by the simplified equity method, have reached, in terms of their contribution to consolidated financial statements, the thresholds for full consolidation in accordance with the consolidation methods and policies set out in Note 2.1.1. "Consolidation methods" of the 2013 financial statements.

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

3.1 BALANCE SHEET ASSETS

3.1.1 Goodwill

	31.12.2013	31.12.2012
Cardif Luxembourg Vie	3,0	3,2
Cardif Vita Assicurazione	125,0	-
BNPP Cardif Vita Compagnia Assicurazione	-	132,0
TOTAL	128,0	135,2

Following the merger of BNP Paribas Cardif Vita Assicurazione into Cardif Assicurazioni, goodwill and its amortisation have been transferred to Cardif Vita Assicurazione, the merged entity. This goodwill is amortised over 20 years, with a residual duration of 18 years.

3.1.2 Intangible assets

	31.12.2013			31.12.2012		
	Gross value	Accumulated amortization and impairment	Net value	Gross value	Accumulated amortization and impairment	Net value
Value of business in force	306,4	(141,8)	164,5	308,2	(82,4)	225,8
Purchased and internally developped software	409,5	(275,5)	134,0	374,0	(199,8)	174,2
Other intangible assets	160,0	(40,1)	119,8	213,9	(48,3)	165,7
TOTAL	**875,8**	**(457,4)**	**418,4**	**896,1**	**(330,4)**	**565,6**

The change in the heading “Value of business in force” between 2012 and 2013 was mainly due to the amortisation of the value of the business in force of Cardif Vita Assicurazione for an amount of EUR 56 million.

Changes in other intangible assets were mainly due to an exchange rate effect in Turkey of EUR 31 million.

3.1.3 Insurance company investments

	31.12.2013			31.12.2012		
	Gross value	Net value	Realisable value	Gross value	Net value	Realisable value
Real estate investments	4 362,3	4 195,3	4 992,3	3 761,6	3 610,3	4 308,8
Equities and variable income securities	4 149,0	3 780,9	4 379,4	4 865,0	4 555,7	4 736,1
Shares in equities UCITS	8 504,4	8 383,4	9 306,3	6 226,6	6 133,9	3 441,7
Bonds and other fixed-income securities	87 658,3	87 670,8	95 531,0	81 487,2	81 491,8	89 862,2
Shares in bonds UCITS	7 088,9	7 083,4	7 315,8	7 720,7	7 712,8	7 876,2
Other investments	1 028,7	1 028,7	1 108,9	1 521,4	1 511,7	1 570,4
Total investments	**112 791,8**	**112 142,6**	**122 633,7**	**105 582,5**	**105 016,2**	**111 795,4**
Total listed investments	102 701,9	102 392,6	111 965,0	94 277,2	94 015,6	99 761,8
Total non listed investments	10 089,8	9 750,0	10 668,7	11 305,3	11 000,6	12 033,6
Life insurance investments	108 930,4	108 303,5	118 435,5	101 974,8	101 427,9	107 975,4
Non-life insurance investments	3 861,3	3 839,1	4 198,2	3 607,7	3 588,3	3 820,0

Realisation of capital gains will 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	
	31.12.2013	31.12.2012
Real estate investments	1,051.0	992.6
Equities and variable income securities	4,108.0	3,543.2
Bonds and other fixed-income securities	2,506.6	2,706.2
Shares in bonds UCITS	3,649.9	3,478.2
Other UCITS	21,967.5	21,851.7
TOTAL	**33,282.9**	**32,571.8**

In December 31st 2013, technical reserves relating to unit-linked contracts, which stood at EUR 33,811 million (EUR 33,122 million at 31 December 2012), were covered both by the investments representing these provisions for a total of EUR 33,283 million (EUR 32,572 million in December 31st 2012) and by securities received as collateral from reinsurers of EUR 565 million (EUR 526 million on December 31st 2012).

3.1.5 Investments from other companies

	31.12.2013			31.12.2012		
	Gross carrying value	Provisions	Net carrying value	Gross carrying value	Provisions	Net carrying value
Investments in subsidiaries	220,6	(38,8)	181,8	227,3	(24,3)	203,0
Loans	62,9	-	62,9	64,3	-	64,3
Marketable securities	50,0	-	50,0	47,3	-	47,3
TOTAL	**333,5**	**(38,8)**	**294,7**	**338,9**	**(24,3)**	**314,6**

Provisions = impairment?

3.1.6 Investments in associates - Equity method

	31.12.2013		31.12.2012	
	Share of income for the year	Share of equity	Share of income for the year	Share of equity
Europe	3,1	191,6	18,3	191,8
Latin America	(1,2)	60,1	(0,4)	100,7
Asia	28,7	149,8	24,1	148,7
TOTAL	**30,6**	**401,5**	**42,0**	**441,2**

The change in the consolidation method for Insurance Company Cardif LLC in Russia and Cardif Colombia Seguros Generales from the equity method to full consolidation explains the falls in the share of income for the year and in equity in the European and Americas regions respectively.

Other changes in the share of income for the year were due to:

- a reduction in Europe following the impairment of an entity in Italy
- an increase in Asia due to the development of the joint venture with TCOB in Taiwan.

Other changes in the share of equity in Asia were due to significant currency translation effects in Taiwan and India.

3.1.7 Receivables arising from outward reinsurance operations

	31.12.2013		31.12.2012	
Life Technical reserves		**1 938,1**		**1 922,2**
- Life Technical reserves	*1 852,0*		*1 841,2*	
- Claim reserves	*81,7*		*76,9*	
- Other technical reserves	*4,4*		*4,2*	
Reserves relating to unit-linked contracts		**464,4**		**426,2**
Total Life insurance		**2 402,5**		**2 348,4**
Non-Life Technical reserves				
- Provisions for unearned premiums	*264,8*		*245,5*	
- Claim reserves	*142,9*		*137,0*	
- Other technical reserves	*9,5*		*11,2*	
Total Non-life insurance		**417,2**		**393,6**
TOTAL		**2 819,7**		**2 742,1**

3.1.8 Receivables from direct insurance or reinsurance

	31.12.2013			31.12.2012		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Premiums earned not yet written	38,0	-	38,0	22,7	-	22,7
Other receivables	884,6	(4,3)	880,3	1 335,1	(4,9)	1 330,2
Receivables from reinsurance	186,7	-	186,7	185,0	-	185,0
TOTAL	**1 109,3**	**(4,3)**	**1 105,1**	**1 542,8**	**(4,9)**	**1 537,9**

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

Other receivables include notably a policyholders' loss reserve at Cardif Vita for EUR 220 million (EUR 294 million on 31 December 2012). In accordance with accounting policies, this amount will be reversed in line with disposals and redemptions of the securities which gave rise to this valuation difference. This heading also includes receivables from policyholders for EUR 230 million and from insurance intermediaries for EUR 412 million. Receivables arising from reinsurance transactions represent mainly cedants' current accounts.

At 31 December 2013, a netting off was made between the commissions to be paid and the headings under which the corresponding payments were recorded, which were previously, booked under the heading "Debts arising from insurance and reinsurance transactions" (see Appendix 3.2.5). The impact was EUR 293 million for Cardif Assurance Vie and EUR 58 million for Cardif Risques Divers.

3.1.9 Receivables from entities in the banking sector

	31.12.2013			31.12.2012		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Insurance companies – bank cash	730,1	0,0	730,1	872,2	-	872,2
Other companies – bank cash	67,4	-	67,4	60,3	-	60,3
TOTAL	**797,5**	**0,0**	**797,5**	**932,5**	**-**	**932,5**

Bank cash = cash at bank
Receivables from entities in the banking sector are due in less than one year.

3.1.10 Other receivables

	31.12.2013			31.12.2012		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Insurance						
- Tax and social security receivables	691,1	-	691,1	580,2	-	580,2
- Other receivables	580,2	(6,6)	573,6	1 522,0	(5,6)	1 516,4
Total insurance company receivables	**1 271,4**	**(6,6)**	**1 264,7**	**2 102,2**	**(5,6)**	**2 096,6**
Other companies						
- Tax and social security receivables	14,7	-	14,7	19,0	-	19,0
- Other receivables	88,1	(0,1)	88,0	77,3	(0,1)	77,2
Total other company receivables	**102,9**	**(0,1)**	**102,8**	**96,3**	**(0,1)**	**96,2**
TOTAL	**1 374,2**	**(6,7)**	**1 367,5**	**2 198,5**	**(5,7)**	**2 192,8**

Tax and social security receivables include deferred tax assets of EUR 418 million in 2013 and the BNP Paribas current account relating to tax consolidation for EUR 28 million.

Changes in the heading “Other receivables – Insurance” was due to the neutralisation in 2013 of a total of EUR 346 million of advances made by Cardif Assurance Vie to SCI Odyssée.

Third party accounts are recognised as assets or liabilities depending on their net debtor or creditor position.

3.1.11 Other assets

	31.12.2013			31.12.2012		
Property, plant and equipment	**Gross value**	**Accumulated amortization and impairment**	**Net value**	**Gross value**	**Accumulated amortization and impairment**	**Net value**
Office equipment	25,3	(17,4)	7,9	32,1	(24,9)	7,2
Fixtures and fittings	10,3	(6,2)	4,1	9,4	(5,2)	4,2
Other	18,0	(11,9)	6,1	25,8	(19,1)	6,7
TOTAL	**53,6**	**(35,5)**	**18,1**	**67,3**	**(49,2)**	**18,1**

3.1.12 Accrued income and other assets

	31.12.2013			31.12.2012		
	Life	Non-life	Total	Life	Non-life	Total
Deferred acquisition costs	112,3	1 119,0	1 231,3	113,2	1 085,4	1 198,7

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. They are calculated in a manner consistent with the calculation of provisions for unearned premiums.

Other adjustment accounts broke down as follows:

	31.12.2013	31.12.2012
Insurance companies		
- accrued interest and rent	1 850,5	1 741,3
- other	130,3	117,9
Other companies	8,3	27,8
TOTAL	**1 989,1**	**1 887,1**

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 2012	**151,0**	**3 813,3**	**(157,1)**	**383,4**	**4 190,6**
- Appropriation of net income for 2012	-	-	383,4	(383,4)	-
- Net income for 2013	-	-	-	387,5	387,5
- Changes in share capital	-	-	(0,0)	-	(0,0)
- Dividend payment	-	-	(462,4)	-	(462,4)
- Exchange rates	-	-	(45,4)	-	(45,4)
- Retrospective impact of ANC recommandation 2013-02 on "Employee benefits"	-	-	(2,5)	-	(2,5)
Position at 31 December 2013	**151,0**	**3 813,3**	**(284,0)**	**387,5**	**4 067,8**

Other changes correspond to the retrospective application of rules relating to the valuation of post-employment and similar obligations which had an impact on the consolidated financial statements of BNP Paribas Cardif of EUR 2.5 million on December 31st 2013.

3.2.2 Subordinated debts

Subordinated debts issued by Group entities have the following characteristics:

Type	Issuer	Subscriber	Issue date	Maturity	Amount 31.12.2013
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					**2,7**
TOTAL SUBORDINATED DEBTS					**2 588,7**

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

	31.12.2013		31.12.2012	
Life Technical reserves:		**98,208.0**		**92,350.7**
- Life Technical reserves	94,531.1		89,248.5	
- Claim reserves	1,475.6		1,243.5	
- Participation benefit and other technical reserves	2,201.3		1,858.7	
Non Life Technical reserves:		**3,481.2**		**3,267.2**
- Provisions for unearned premiums	2,367.6		2,240.7	
- Claim reserves	966.7		892.0	
- Provisions for unexpired risks	2.7		4.2	
- Participation benefit and other technical reserves	144.3		130.3	
TOTAL		**101,689.2**		**95,617.9**

Policyholders' benefit reserve breaks down as follows:

	31.12.2013		31.12.2012	
Participation benefit due		**200,9**		**165,5**
Deferred policyholder benefit		**1 863,8**		**1 618,3**
- Unconditional :	**1 248,4**		**1 075,8**	
- Contingent :	**615,4**		**542,5**	
- relating to the elimination of the capitalisation reserve	638,3		567,9	
- relating to changes in the mortality table	(11,6)		(14,0)	
TOTAL		**2 064,7**		**1 783,8**

The deferred policyholder assets have been recognised in accordance with the CNC release dated on January 10th, 2007 regarding the accounting treatment of the effects of changes in the mortality table for annuities.

3.2.4 Provisions for risks and charges

	31.12.2013	31.12.2012
Provisions for risks	77,2	86,3
Provision for "Employee benefits"	28,5	24,9
Income tax provision	60,6	50,0
TOTAL	**166,3**	**161,2**

Tax provisions correspond to deferred tax liabilities.

The change in provisions for employment obligations reflect the additional provision of EUR 2.5 million relating to the retrospective application of ANC recommendation 2013-02 on valuation rules for post-employment benefits and similar obligations.

3.2.5 Debts arising out of direct insurance or reinsurance

	31.12.2013		31.12.2012	
Debts from direct insurance		**1 277,8**		**1 618,4**
- Policy holders	235,5		182,8	
- Other debts	1 042,3		1 435,6	
Debts from reinsurance		**1 868,5**		**1 891,8**
- Cash deposits from reinsurers	1 728,2		1 720,1	
- Other debts	140,3		171,7	
TOTAL		**3 146,3**		**3 510,2**

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

3.2.6 Liabilities due to banking sector companies

	31.12.2013		31.12.2012	
Insurance companies		**6 924,5**		**6 811,7**
- Financing debt	222,4		479,1	
- Loans	311,1		306,4	
- Repurchase agreements	6 391,0		6 026,3	
Other companies		**1 760,2**		**1 553,9**
- Financing debt	0,0		3,6	
- Loans	1 760,1		1 550,3	
TOTAL		**8 684,7**		**8 365,7**

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

3.2.7 Other debts

	31.12.2013		31.12.2012	
Insurance companies		**1 351,9**		**1 447,9**
- Employee profit sharing	2,8		2,1	
- Staff	10,1		8,9	
- State	182,0		154,6	
- Income tax due	67,5		97,1	
- Other creditors and miscellaneous liabilities	1 089,4		1 185,2	
Other companies		**296,4**		**251,1**
- Staff	19,7		16,1	
- State	7,1		6,0	
- Income tax due	0,2		0,5	
- Other creditors and miscellaneous liabilities	269,3		228,5	
TOTAL		**1 648,2**		**1 699,0**

Other debts fall due in less than one year.

3.2.8 Accrued expenses and other liabilities

	31.12.2013		31.12.2012	
Insurance companies		**189.4**		**316.1**
- Deferred income	3.0		1.6	
- Other	186.4		314.5	
Other companies		**0.3**		**0.6**
TOTAL		**189.7**		**316.7**

Liability adjustment accounts for insurance companies concern mainly the carrying of commissions received from reinsurers for a total of EUR 142 million.

3.3 COMMITMENTS GIVEN AND RECEIVED

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

	31.12.2013		31.12.2012	
Commitments received		**839,7**		**801,5**
- Securities received as collateral from reinsurers	565,0		525,5	
- Other commitments received	274,6		276,0	
Commitments given		**1 179,8**		**1 150,5**
- Endorsements, deposits and guarantees given	41,6		48,4	
- Other commitments given	1 138,2		1 102,1	

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 265 million on December 31st 2013.
- commitments given to and received from Cardif Luxembourg Vie, a company consolidated as an associate, which totalled EUR 505 million on December 31st 2013

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	**31.12.2013**	**31.12.2012**
- Forward foreign exchange transactions	918,8	818,6
- Currency swap contracts	71,2	73,3
- CAP contracts	11 600,0	11 800,0
- Discount remaining to be amortised	33,0	34,5
- Other commitments received on financial instruments	889,9	781,7
TOTAL	**13 512,8**	**13 508,1**

CAP contracts at Cardif Assurance Vie correspond to a macro-hedge of fixed income products.

Commitments given	**31.12.2013**	**31.12.2012**
- Forward foreign exchange transactions	907,7	848,2
- Currency swap contracts	74,3	77,5
- Other commitments given on financial instruments	883,4	816,5
TOTAL	**1 865,4**	**1 742,3**

Forward foreign exchange transactions concern the hedging of net foreign currency investments of foreign subsidiaries and branches whose functional currency is not the euro. These investments are hedge by a foreign currency loan recognised in the balance sheet:

- Undertakings given correspond to the foreign currency to be delivered in the investment currency converted into euros.
- Undertakings received correspond to the foreign currency to be received in the hedging currency converted into euros.

Other undertakings given and received on financial instruments concerned an equity swap at Cardif Assurance Vie for EUR 300 million and currency swap contracts totalling EUR 583 million in force in December 31st, 2013.

3.4 INCOME STATEMENT

3.4.1 Net financial income

	31.12.2013				31.12.2012
	Non-life	Life	Other activities	Total	Total
Yield on investments	130,2	4 091,1	16,4	4 237,7	4 190,0
Other investment income	3,4	274,3	2,0	279,8	389,6
Realised gains	23,2	755,7	11,7	790,7	1 028,6
Unit-linked adjustments (unrealised gains) on unit-linked contracts	-	2 685,7	-	2 685,7	3 061,8
Investment internal and external handling expenses and interests paid	(2,8)	(220,3)	(158,7)	(381,8)	(360,0)
Other investment expenses	(10,7)	(410,8)	40,1	(381,4)	(413,4)
Realised losses	(8,2)	(496,7)	(42,7)	(547,5)	(839,1)
Unit-linked adjustments (unrealised losses) on unit-linked contracts	-	(549,8)	-	(549,8)	(429,8)
NET INVESTMENT INCOME	**135,1**	**6 129,3**	**(131,1)**	**6 133,3**	**6 627,7**

3.4.2 Management expenses

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

	31.12.2013				31.12.2012
	Insurance Non-life	Insurance Life	Other businesses	TOTAL	TOTAL
External fees and services	(67,4)	(89,7)	(274,0)	(431,1)	(379,9)
Commissions and deferred commissions	(1 302,0)	(1 908,5)	(16,6)	(3 227,1)	(3 241,9)
Taxes and duties	(24,3)	(45,2)	(29,6)	(99,0)	(91,7)
Staff costs	(78,5)	(100,6)	(263,5)	(442,7)	(427,0)
Other income and expense	18,3	59,8	195,5	273,5	296,8
Amortisation, depreciation and impairment	(16,7)	(98,0)	(72,6)	(187,4)	(191,2)
Reversals of provisions	6,8	11,9	-	18,8	26,8
Management expenses by nature	**(1 463,8)**	**(2 170,3)**	**(460,8)**	**(4 095,0)**	**(4 008,1)**
Internal eliminations and other reclassification	(114,5)	(346,3)	460,8	-	-
Total management expenses	**(1 578,3)**	**(2 516,6)**	**-**	**(4 095,0)**	**(4 008,1)**

3.4.3 Exceptional result

	31.12.2013	31.12.2012
Net realized result on sale of subsidiaries	(1,3)	6,8
Provisions for country risk	14,4	(1,0)
Other income and expense	(2,7)	-
TOTAL	**10,4**	**5,8**

In 2013, exceptional result corresponds primarily to the reversal of unused provisions on BNP Paribas Cardif investments.
The loss of EUR 1.3 million corresponds to the sale of shares in Cardif Holding Insurance.

3.4.4 Corporate income tax

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

	31.12.2013	31.12.2012
- Taxes due	(298,6)	(349,2)
- Deferred taxes	(22,0)	62,5
TOTAL	**(320,6)**	**(286,7)**

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 2013	**Base**	**Tax**
Corporate tax expense on pre-tax income at standard tax rate in France	685,3	(260,3)
Impact of differently taxed foreign profits	464,2	32,7
Other items	-	12,7
Impact of previously unrecognised deffered taxes (tax losses and temporary differences)	231,4	(86,0)
Impact of permanent differences	47,6	(19,7)
Tax		**(320,6)**

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

	31.12.2013		31.12.2012	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Temporary differences	418,2	41,4	439,0	34,0
Non-capitalised temporary differences	300,9	-	225,8	9,3

Temporary differences include deferred tax on tax loss carryforwards which stood at EUR 41.2 million at 31 December 2013 from EUR 67.9 million at 31 December 2012.

3.4.5 Other information

At 31 December 2013 the company had 6,137 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 2012 this figure was 5,895 FTE employees.

4. SEGMENT INFORMATION

4.1 Income statement by segment

4.1.1 Non-life insurance technical account

	31.12.2013			31.12.2012
	Gross	Ceded	Net	Net
Earned premiums	**2 536,0**	**(282,7)**	**2 253,3**	**1 930,9**
- Gross written premiums	2 632,9	(302,8)	2 330,1	1 913,5
- Change in unearned premiums	(96,9)	20,1	(76,8)	17,4
Net investment income	**135,1**	**-**	**135,1**	**114,4**
Other operating income	**7,8**	**-**	**7,8**	**3,6**
Claims costs	**(751,5)**	**82,2**	**(669,3)**	**(491,7)**
- Claims and expenses paid	(733,8)	80,1	(653,8)	(496,4)
- Change in outstanding claim reserves	(17,6)	2,1	(15,5)	4,7
Changes in other technical reserves	**0,9**	**(1,8)**	**(0,9)**	**4,7**
Participation benefits	**(19,1)**	**3,4**	**(15,8)**	**(12,8)**
Acquisition and administration costs	**(1 510,5)**	**135,9**	**(1 374,6)**	**(1 271,7)**
- acquisition costs	(1 386,2)	-	(1 386,2)	(1 258,8)
- administration costs	(124,3)	-	(124,3)	(108,6)
- Commissions received from reinsurers	-	135,9	135,9	95,8
Other technical expenses	**(67,8)**	**-**	**(67,8)**	**(46,4)**
Change in equalization reserve	**(2,9)**	**0,1**	**(2,7)**	**47,5**
Non life insurance technical income	**328,0**	**(62,9)**	**265,1**	**278,5**

4.1.2 Life insurance technical account

	31.12.2013			31.12.2012
	Gross	Ceded	Net	Net
Premiums	**17 174,5**	**(429,8)**	**16 744,7**	**15 775,5**
Net investment income	**3 993,3**	**-**	**3 993,3**	**3 994,8**
Unit-linked adjustments (unrealised gains) on unit-linked contracts	**2 685,7**	**-**	**2 685,7**	**3 061,8**
Other technical income	**208,3**	**-**	**208,3**	**197,2**
Claims	**(13 567,1)**	**247,8**	**(13 319,3)**	**(16 099,5)**
- Claims and expenses paid	(13 280,0)	240,3	(13 039,7)	(16 113,4)
- Change in outstanding claim reserves	(287,1)	7,5	(279,6)	13,9
Changes in life insurance technical reserves and other technical reserves	**(3 254,8)**	**4,5**	**(3 250,3)**	**(367,8)**
- Life insurance reserves	(811,9)	(25,0)	(836,9)	4 104,2
- Unit-linked contracts	(2 443,3)	29,5	(2 413,8)	(4 473,0)
- Other technical reserves	0,3	-	0,3	1,0
Participation benefit	**(3 557,4)**	**51,0**	**(3 506,4)**	**(3 322,9)**
Acquisition and administration costs	**(2 381,0)**	**211,7**	**(2 169,3)**	**(2 196,9)**
- Acquisition costs	(1 574,9)	-	(1 574,9)	(1 727,9)
- Administration costs	(806,1)	-	(806,1)	(790,6)
- Commissions received from reinsurers	-	211,7	211,7	321,7
Unit-linked adjustments (unrealised losses) on unit-linked contracts	**(549,8)**	**-**	**(549,8)**	**(429,8)**
Other technical expenses	**(135,6)**	**-**	**(135,6)**	**(72,2)**
Change in equalization reserve	**(0,4)**	**0,2**	**(0,2)**	**54,3**
Employee profit sharing	**-**	**-**	**-**	**-**
Life insurance technical income	**615,7**	**85,4**	**701,3**	**594,5**

4.1.3 Operating account – Other businesses

	31.12.2013	31.12.2012
Operating income	15,8	4,4
Operating expenses	(179,8)	(133,9)
Net charges/reversals to depreciation, amortisation and provisions	(0,0)	(3,4)
OPERATING INCOME	**(164,0)**	**(132,9)**
Net Investment income	(131,1)	(113,5)
Recurring operating income	**(295,1)**	**(246,4)**

Operating income changed by EUR 11.4 million and concerned mainly income from reinvoicing by Cardif Nordic AB to Cardif Frasaking AB, which is consolidated as an associate, for EUR 10 million.

Operating expenses changed by EUR 45.9 million. That is mainly due to BNP Paribas Cardif for EUR 29.5 million, Cardif Services for EUR 4.1 million and Cardif Nordic AB for EUR 9.1 million.

4.2 Other segment information

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

	Life insurance		Non-life insurance	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
- France	9 944,5	10 736,9	619,2	598,6
- Italy	4 334,3	2 946,5	180,2	174,5
- Luxembourg	-	-	0,6	0,2
- Rest of Europe	534,2	548,5	863,6	786,8
- Latin America	356,1	317,4	676,9	455,4
- Asia	2 005,4	1 766,0	195,5	126,8
TOTAL EARNED PREMIUMS	**17 174,5**	**16 315,4**	**2 536,0**	**2 142,4**

	Life and Non-life insurance	
	31.12.2013	31.12.2012
- Individual savings	13 913,9	13 060,6
- Individual protection	4 414,2	4 253,2
- Employee benefits	1 095,9	1 003,1
- Property and casualty	286,5	181,2
TOTAL EARNED PREMIUMS	**19 710,5**	**18 498,1**

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

	Life and Non-life insurance	
	31.12.2013	31.12.2012
- Individual savings	121 535,9	114 994,4
- Individual protection	5 475,5	4 930,3
- Employee benefits	7 529,5	7 695,7
- Other global reserves	638,3	868,7
- Property and casualty	320,6	250,6
TOTAL GROSS TECHNICAL RESERVES	**135 499,8**	**128 739,7**