



IAS/IFRS transition

Presentation Overview

- Introduction
- Analysis of the main impacts by standard
- Choosing the Carve-Out Fair Value Hedge Option
- Wrap-up

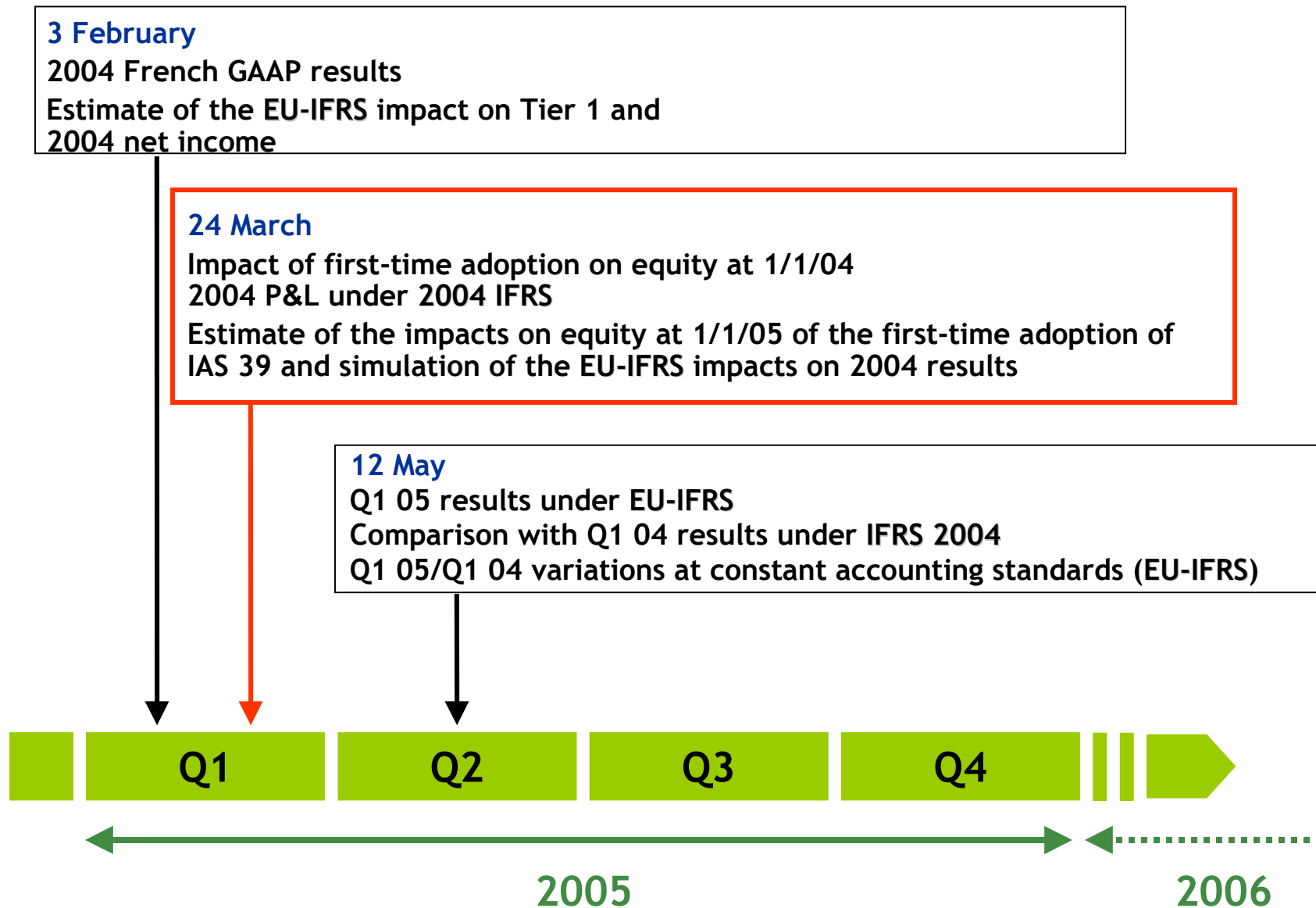
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This presentation will make reference to:

- **“2004 IFRS”**: all the standards applicable in 2004 i.e. all IAS and IFRS excluding IAS 32/39 and IFRS 4
- **“EU-IFRS”**: all the standards applicable in 2005 as endorsed by the European Union i.e. including IAS 32, IAS 39 carved-out and IFRS 4

- The data contained in this presentation are solely intended to provide a general overview of the main changes introduced by the new IAS/ IFRS standards in the BNP Paribas Group's financial statements.
- The statutory auditors have performed the audit procedures on the data presented in this document relating to the impacts of the IFRS on equity at 1 January 2004 and on 2004 net income, excluding IAS 32/39 and IFRS 4. The data were approved by the Board of Directors.
- The accounting choices relating to the application of IAS 32, 39 and IFRS 4 at 1 January 2005 were substantially validated by the statutory auditors. The impact of the application of these standards at 1 January 2005 is currently under audit procedures. The stated amounts have been rounded off. To explain as clearly as possible how the 2005 EU-IFRS and the 2004 IFRS will not be directly comparable, the BNP Paribas Group simulated, where possible, the impact of the application of IAS 32/39 and IFRS 4 on 2004 based on the accounting choices made for their application in 2005. The corresponding results have been examined by the Board of Directors. They were not audited.
- The definitive impacts of these standards on the Group shareholders' equity and results may be different, considering:
 - The ever possible amendments to the standards (fair value option, hedging rules, etc.) and their interpretation from now until 31 December 2005,
 - The changes in prudential regulatory obligations and tax regulations,
 - The finalisation of the detailed analyses and studies of transactions that are still in progress.



Summary of Impacts on Group Shareholders' Equity and Tier one

	Group shareholders' equity	Tier one	
2004 IFRS Transition at 1/1/04	- €91mn	-€284mn	-0.1%
2004 IFRS impact on 2004 net income	+€334mn*	+€84mn	
IAS 32/39 Estimate of impact at 1/1/2005 Permanent equity Valuation reserves	- €1,700mn** +€3,100mn	-€1,700mn -	-0.5%
Total EU-IFRS: estimate	+€1,650mn	-€1,900mn	-0.6%

N.B.: treatment of the dividend in the Tier one calculation

In accordance with the constant practice of French banks, the dividends payable in 2005 in respect of 2004 (€1.8bn) are deducted from Tier 1 at 31/12/04: 60 bp impact.

* Excluding costs with no impact on equity and other changes during the period (+€63mn)

** Excluding undated subordinated notes

Three Different Impacts on Results

● One-off restatements

One-off

- The difference between French and IFRS financial statements is one-off in 2004 or will disappear in one or two years
 - e.g.: charge to or reversal of general banking risk provision

● Timing differences

Timing

- The spreading over time of income or expenses is different under French GAAP and IFRS
 - e.g.: new amortisation rate for leased assets, amortisation of day one profit
- The different accounting treatments give rise to differences that may be either positive or negative
 - e.g.: elimination of provisions on securities available for sale in the event of a temporary depreciation (and resulting provision write-backs)

● Recurring impacts

Recurring

- The different accounting treatment give rise to recurring differences
 - e.g.: elimination of goodwill amortisation, recognition of stock-options in expenses

Summary of Impacts on Group's net Income in 2004

Net income group share <i>In millions of euros</i>	2004 IFRS impacts	IAS 39 impact simulation	EU-IFRS impact simulation Total
One-off	-187	-	-187
Timing	+74	-250	-176
Recurring <i>including goodwill</i>	+384 +388	-	+384 +388

- Significant one-off impacts: -€187mn
- Profit or loss deferred over time: circa -€176mn, or 3% of 2004 French GAAP net income before goodwill
- Elimination of goodwill amortisation: +€388mn
- Other net recurring impacts: negligible

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Property, Plant and Equipment (IAS 16, 36 and 40)

**French
GAAP**

- Amortised historical cost

IFRS

- Four options:
 - Mark-to-market
 - Market value as at 1 January 2004 and amortisation
 - Upholding of accounting gross value in the French financial statements as at 1 January 2004 and amortisation
 - Return to acquisition cost and amortisation
- Most prudent option adopted: return to acquisition cost
 - Unrealised capital gains on property (not appearing on the balance sheet): approximately €2 billion net of tax

Impacts

- Equity as at 1 January 2004 - €312mn
Cancellation of exceptional revaluations carried out in the 1990s
- Tier 1 capital - €86mn
- 2004 net income no impact

Depreciation of Buildings by Component (IAS 16, 36 and 40)

**French
GAAP**

- Buildings depreciated as a whole over a single period per building

IFRS

- Depreciation periods differentiated according to components:
 - Structure
 - Building façades
 - Technical installations
 - Layouts

Impacts

- Equity as at 1 January 2004 + €43mn
- Tier 1 capital + €68mn
- 2004 net income **negl.**

French GAAP

- Recognition of all leases under the heading “Leasing receivables”
- Actuarial amortisation of the leased assets
- Direct costs for negotiating and arranging a lease recognised as an expense

IFRS

- Operating leases:
 - Reclassification in property, plant and equipment of leased assets
 - Straight-line depreciation of assets after deduction of residual values
- Financial leases:
 - Initial direct costs deferred through the implicit interest rate of leases

Impacts

- Equity as at 1 January 2004 - €19mn
 - Tier 1 capital - €23mn
 - 2004 net income - €15mn
- Timing

Reserve for General Banking Risks (IAS 37)

**French
GAAP**

- Intended to cover general risks, particularly in regard to demographics

IFRS

- Does not meet the characteristics of a liability
- Reversed in equity

Impacts

- | | | |
|-------------------------------|----------|----------------|
| ● Equity as at 1 January 2004 | + €838mn | |
| ● Tier 1 capital | negl. | |
| ● 2004 net income | - €85mn | One-off |

Pension and Post-employment Benefit Obligations

Health Insurance (IAS 19)

French
GAAP

- Additional health benefits in France (Group's employee-managed health scheme):

Currently employed and retirees

Balance sheet

no provision

Income statement

contributions paid

➔ Health scheme has become a defined contribution plan: extinction of commitments vis-à-vis retirees (one-off payment in 2004)

IFRS

- Currently employed: no change
- Retirees: - provision as at 1/1/04 reversed in 2004 profit and loss
- no more charges (neither contribution nor change in provision) beginning 1/1/05

Impacts

- Equity as at 1 January 2004 - €97mn
- Tier 1 capital - €97mn
- 2004 net income + €97mn

One-off

Pension and Post-employment Benefit Obligations

Retirement Benefits (IAS 19)

Heterogeneous schemes:

Balance sheet

Income statement

● In France: 3 schemes

National general plan	No provision needed (no commitment)	Contributions paid
Additional bank pension (run down from 1993)	Covered by Reserve for General Banking Risk	Payment to the Retirement Fund
Termination benefits	Provision for the difference between the commitments and the allocated assets	Change in the difference without deferral or corridor
● Outside of France		
Defined contribution plans	No commitment	Contributions paid
Defined benefit plans	Commitment up to the limit of a corridor, authorising the deferral of actuarial gains and losses over the professional life of beneficiaries beyond a 10% threshold	-Changes in entitlements' net present value; -Spread impact of scheme modification; -Deferral of actuarial gains and losses using the corridor method

French GAAP

Pension and Post-employment Benefit Obligations

Retirement Benefits (IAS 19)

IFRS

- Provision for the actuarial value of commitments net of allocated assets
- Transitional option adopted: actuarial gains and losses existing as at 1 January 2004 fully recognised in equity
 - No preferential prudential treatment for French banks: 100% recognition of pension and post-employment benefit obligations in Tier 1*
- Current costs:
 - Changes in entitlements' net present value
 - Impacts of possible changes to the plan spread over the professional life of beneficiaries
 - Actuarial gains and losses: corridor method (IAS 19 option)

Impacts

● Equity as at 1 January 2004	- €384mn	
● Tier 1 capital	- €383mn	
● 2004 net income	- €53mn	Timing

Consolidation (IAS 27, 28 and 31)

French GAAP

- Consolidation of interests that are controlled (full or proportionate consolidation) or under significant influence (equity method) with the exception of Private Equity interests held for sale

IFRS

- Consolidation of all interests held at more than 20%, even in the Private Equity business

Impacts

(including the estimated impact of the IFRS adoption on equity-accounted companies)

- | | | |
|---|----------|-----------|
| ● Equity as at 1 January 2004 | + €21mn | |
| ● Tier 1 capital | + €30mn | |
| ● 2004 net income | + €65mn | |
| → Profit or loss from equity-accounted companies | + €58mn | Recurring |
| → Decrease of capital gains | - €23mn | |
| → Reversals of provisions in equity-accounted companies | + €155mn | Timing |
| → Cancellation of the 1Q04 profit and loss impact from the French GAAP change in estimate of shares in funds (impact taken into account in 1/1/2004 IFRS balance sheet) | -€125mn | One-off |

Consolidation (Goodwill) (IAS 36)

French GAAP

- Goodwill is amortised on a straight-line basis
- Exceptional depreciation when there is an indication of impairment

IFRS

- Option adopted: no restatement of acquisitions prior to 1 January 2004
- Goodwill is no longer amortised: annual impairment test by “cash-generating unit”
- Provisions for restructuring costs following an acquisition are recognised as an expense

Impacts

- | | | |
|---|----------|-----------|
| ● Equity as at 1 January 2004 | | no impact |
| ● Tier 1 capital | | no impact |
| ● 2004 net income | | + €372mn |
| → Amortisation of goodwill | + €388mn | Recurring |
| → Restructuring costs for 2004 acquisitions | - €16mn | Recurring |

Intangible Assets - Software (IAS 38)

French GAAP

- Software developed by the bank recognised in the balance sheet and amortised over 5 years

IFRS

- More restrictive criteria of recognition of assets
- Depreciation periods differentiated by type of software (infrastructure, commercial applications)

Impacts

- | | |
|-------------------------------|----------|
| ● Equity as at 1 January 2004 | - €253mn |
| ● Tier 1 capital | + €132mn |
| ● 2004 net income | negl. |

- Moderate distribution policy

→ Annual attribution of a number of stock-options representing on average less than 0.5% of the capital (2004 plan: 1.8 million options)

French GAAP	<ul style="list-style-type: none"> ● No recognition on grant date 						
IFRS	<ul style="list-style-type: none"> ● Recognition of the options' value as an expense with a corresponding entry in equity on grant date ● Deferral of expense during the vesting period (4 years for BNP Paribas) ● Recognition of stock option plans granted after 7 November 2002 						
Impacts	<table> <tr> <td>● Equity as at 1 January 2004</td> <td>no impact</td> </tr> <tr> <td>● Tier 1 capital</td> <td>no impact</td> </tr> <tr> <td>● 2004 net income</td> <td>- €23mn Recurring</td> </tr> </table>	● Equity as at 1 January 2004	no impact	● Tier 1 capital	no impact	● 2004 net income	- €23mn Recurring
● Equity as at 1 January 2004	no impact						
● Tier 1 capital	no impact						
● 2004 net income	- €23mn Recurring						

- Increase in the expense of approximately €10mn in 2005 and again in 2006

Share-based Payment Deferred Bonuses (IFRS 2 and IAS 19)

French
GAAP

- Deferred bonuses paid in shares: full recognition of the estimated expense on grant date (year n)

IFRS

- Deferred bonuses paid in shares: deferral of the expense over the vesting period (3 years: years n+1, n+2 and n+3)
- Deferred bonuses paid in cash: recognition of the estimated expenses on grant date (year n)

➔ From 2004, BNP Paribas decided that deferred bonuses would be paid in cash to achieve simultaneous recognition of the performance and the corresponding bonuses

Impacts

- Equity as at 1 January 2004 + €89mn
- Tier 1 capital + €89mn
- 2004 net income (2004 share of 2002 and 2003 bonuses already recognised under French GAAP in those years)

One-off - €74mn

*Resorption of the
difference
(net of tax)*

2004: - 74

2005: - 43

2006: - 18

2007: 0

Available-for-sale Securities (IAS 39)

French GAAP

- Securities available for sale, participating interests and similar instruments: recognition at historical cost and, where necessary, provision via the profit and loss account of unrealised capital losses
- Reversal of provisions via the profit and loss account in the event of a subsequent revaluation
- Disclosure on the unrealised capital gains each quarter

IFRS

- Recognition in the balance sheet of unrealised capital gains and losses, with no impact on the profit and loss account, ...
- ... under a special equity heading "Valuation Reserves"
- Provision in the profit and loss account only in the event of impairment

Impacts

- | | | |
|---------------------------------------|------------|--------|
| • Valuation Reserves as at 1/1/2005 | + €2,700mn | |
| • Tier 1 capital | no impact | |
| • Simulated impact on 2004 net income | - €120mn | Timing |

**French
GAAP**

- Doubtful debts valued at recoverable value
- Valuation of restructured debts at the recoverable value discounted at the market rate

IFRS

- Classification criteria unchanged in relation to BNP Paribas' prior practices
- Valuation of doubtful or restructured debts at the recoverable value discounted at the loan's original rate

Impacts

- Equity as at 1/1/2005 - €450mn
- Tier 1 capital - €450mn
- Simulated impact on 2004 net income negl.

(NBI: + €150mn, cost of risk: - €150mn) Recurring



French GAAP

- General provisions (mainly for country risks)

IFRS

- The methodology adopted by BNP Paribas is based on an internal risk rating system set up to calculate the economic and regulatory capital (Basel 2)
- Portfolio provision for loans not individually provided for:
 - If there is evidence of impairment of the portfolio
 - Based on internal ratings using estimates for default and loss probability:
 - Supported by historical data
 - Adjusted by management’s judgement to take into account current circumstances

Impacts

- Equity as at 1/1/2005 - €100mn
- Tier 1 capital - €100mn
- Impact on 2004 net income deemed non material

Home Ownership Savings Plans and Contracts (IAS 39 and IAS 37)

French GAAP

- Home ownership savings plans comprise:
 - A savings phase, during which the customer has the possibility of making payments over 10 years remunerated at a fixed rate (no maturity date)
 - A phase covering a potential loan at a rate fixed on inception of the plan, for which the characteristics (amount / term) are based on the rights acquired by the customer during the savings phase
- Recognition of the deposits at amortised cost

IFRS

- Home ownership savings deposits still recognised at amortised cost
- Provision for commitments taken by the bank recognised by generation of contracts (no compensation between generation of contracts)

Impacts

- | | | |
|---------------------------------------|----------|--------|
| ● Equity as at 1/1/2005 | - €250mn | |
| ● Tier 1 capital | - €250mn | |
| ● Simulated impact on 2004 net income | - €20mn | Timing |

Insurance Contracts (IFRS 4 and IAS 39)

French
GAAP

- Valuation of “general assets” (all investments not backing unit-linked contracts)
 - Interest rate instruments at amortised cost
 - Shares at historical cost (minus provisions if applicable)

IFRS

- “General assets” classified as available for sale are valued at their market price on the balance sheet under the heading “Valuation Reserves”
- This impact is largely offset by the recognition of a “profit sharing reserve for unrealised gains” (shadow accounting)

Impacts

- | | |
|---------------------------------------|-----------|
| ● Valuation Reserves as at 1/1/2005 | + €100mn |
| ● Tier 1 capital | no impact |
| ● Simulated impact on 2004 net income | no impact |

French GAAP

- Valuation of trading derivatives at market value or at value based on an internal model
- Double intervention of the Risk Department market experts, independent from the businesses:
 - Validation of internal models
 - Adjustment to the value arising from the market or the model to take into account liquidity or model risks

IFRS

- If the valuation parameters are based on observable market data: market price or model (no change)
- If not, the value of the instrument at the time of the transaction is deemed to be the transaction price. In practice, when a complex structured product is sold, the commercial margin (day-one profit) is spread over the life of the product
- When the parameters become observable, the remaining margin is recognised immediately

IFRS

- Three possible options for the restatement of contracts:
 - Contracts concluded after 1/1/2005 (prospective)
 - Contracts concluded after 25/10/2002 } (retroactive)
 - All existing contracts
- Option adopted by BNP Paribas: retroactive restatement of all existing contracts
 - All things being equal, a faster reduction of the differences with the former methods

Impacts

- | | | |
|---------------------------------------|----------|--------|
| ● Equity as at 1/1/2005 | - €500mn | |
| ● Tier 1 capital | - €500mn | |
| ● Simulated impact on 2004 net income | - €90mn | Timing |

French GAAP

- No recognition in the balance sheet; off-balance sheet presentation
- Interest accrued in P&L symmetrically to hedged transactions

IFRS

- Recognition in the balance sheet, at market value, with a corresponding entry under a specific equity heading "Valuation Reserves"
- Interest accrued in P&L symmetrically to hedged transactions

Impacts

- | | |
|---------------------------------------|-----------|
| ● Valuation Reserves as at 1/1/2005 | + €300mn |
| ● Tier 1 capital | no impact |
| ● Simulated impact on 2004 net income | no impact |

Hedging Strategies not Recognised under IAS (IAS 39)

French
GAAP

- Derivatives: no recognition in the balance sheet; off-balance sheet presentation
- Interest accrued in P&L symmetrically to hedged transactions or instruments (including for investment securities)

IFRS

- Certain hedging relationships cannot be recognised, particularly for securities held until maturity
- Reclassification in trading of the hedging derivatives, hedged instruments remain at accrued interest
- Asymmetrical recognition of P&L



From now on separate management of these securities and hedging instruments

Impacts

- Equity as at 1/1/2005 - €400mn
- Tier 1 capital - €400mn
- Simulated impact on 2004 net income not relevant given the change of hedging technique

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">French GAAP</p>	<ul style="list-style-type: none"> ● Derivatives: no recognition on the balance sheet; off-balance sheet presentation ● Interest accrued in P&L symmetrically to hedged transactions (fixed rate loan or deposit portfolios, including sight deposits)
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">IFRS</p>	<ul style="list-style-type: none"> ● Application of fair value hedge accounting as amended by the European Commission (<i>carve-out</i>) ● Balance sheet recognition of derivatives at fair value as an offsetting entry to P&L ● Recognition of the revaluation of the hedged component of the hedged portfolio under the balance sheet heading "Revaluation differences on interest rate hedged portfolios" against P&L, thereby cancelling out the derivative P&L revaluation impact
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Impacts</p>	<ul style="list-style-type: none"> ● Equity as at 1/1/2005 negl. ● Tier 1 capital negl. ● Simulated impact on 2004 net income no impact ● Unrealised capital gain on the macro-hedging derivative portfolio (not included in equity): +€1bn

Standards with Little or no Impact (1/2)

- **Capital increases reserved for employees (IFRS 2)**
 - Valuation taking into account non-availability clauses in accordance with the method recommended by the French National Accounting Council. Non-material impact.
- **Insurance companies liabilities (IFRS 4)**
 - Recognition at historical cost
 - Liability adequacy test carried out and no impact
- **Consolidation of mutual funds dedicated to insurance companies (IAS 27 - SIC 12)**
 - Non-material impact
- **Exchange differences on foreign currency goodwill (IAS 21)**
 - Non-material impact since BancWest goodwill had already been essentially recognised in dollars under French GAAP

Standards with Little or no Impact (2/2)

- **Deferral of commissions / effective interest rate (IAS 18 and IAS 39)**
 - Low impact at group level
- **Treasury shares deducted from equity (IAS 32)**
 - Deduction already done by BNP Paribas under French GAAP
- **Exchange differences (IFRS 1)**
 - Allocation to reserves as at 1/1/2004 of exchange differences already deducted from equity under French GAAP
- **Classification of preferred shares in equity or liabilities depending on their characteristics (IAS 32)**
 - Classification adopted by BNP Paribas already compliant with IFRS rules

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Asset and Liability Management Objective

- Reducing interest rate risk in order to protect the net interest margin of the commercial bank
- By using interest rate swaps
- Which hedge the net interest rate position generated by all fixed-rate commercial transactions

This type of hedging strategy is classified as hedge accounting (“macro hedge”) under French GAAP, which mandate that derivatives contribute to reducing interest rate risk

The ALM objective is not modified by EU-IFRS

- **French market particularities:**

- A principally fixed-rate balance sheet for the retail business

- In liabilities: sight deposits and regulated savings products

- In assets: mortgage loans, consumer loans, and also a significant proportion of investment loans

- Whereas, in order to finance/invest cash differences, the bank turns to the variable rate money market

- **Typical macro-hedging transaction**

- In the event of a surplus of fixed-rate liabilities that is not naturally hedged by fixed-rate assets, the interest margin is sensitive to a fall in interest rates

- To hedge the interest margin, the ALM arranges a fixed-rate receiver/ variable-rate payer interest rate swap

- **Cash Flow Hedge**

- Transforms variable-rate assets/liabilities into fixed-rate assets/liabilities => opposite approach to that adopted in management
- Generates volatility in equity (valuation reserves)

- **Fair Value Hedge**

- Transforms fixed-rate assets/liabilities into variable-rate assets/liabilities => corresponds to BNP Paribas' risk management, but specifically excludes sight deposits
- Highlights in the balance sheet the MTM value of the hedged items and of derivatives, but with no impact on equity

- **Carve-Out Fair Value Hedge**

- Extends the use of the Fair Value Hedge approach to a portfolio of sight deposits

Balance sheet	ASSETS	LIABILITIES
5-year FR loans	70	100
3-month VR loans	30	5-year FR stable portfolio of deposits

FR = Fixed Rate
 VR = Variable Rate

→ The stable deposits exceed the fixed-rate loans

→ Results decrease when rates fall

→ The addition of a fixed-rate receiver/variable-rate payer swap for a notional amount of 30 will render the results insensitive to interest rate fluctuations

How is this simple economic reality reflected in the accounts?

Balance sheet	ASSETS	LIABILITIES
5-year FR loans	70	100
3-month VR loans	30	
<i>Off-balance sheet</i>		
Swap		30

5-year FR stable deposits

- The swap's notional amount is recognised as an off-balance sheet item
- It is recognised on an accrual basis in the same way as the items for which it hedges the interest margin
- The P&L is insensitive to interest rate fluctuations

Balance Sheet Example: Treatment of the Carve-Out Fair Value Hedge (COFVH)

Balance sheet	ASSETS	LIABILITIES
5-year FR loans	70	100 5-year FR stable deposits
		2 <i>Fair value adjustment relating to the hedged item</i>
3-month VR loans	30	
<i>Changes in the fair value of the swaps</i>	2	
Off-balance sheet		

COFVH highlights the changes in fair value of the hedged instrument

- The swaps are allocated to the surplus of stable deposits
- The changes in the fair value of the derivative and the hedged item are recognised symmetrically in the balance sheet...
- ...and offset each other in the P&L
- P&L and equity are insensitive to interest rate fluctuations

Choosing the Carve-out Fair Value Hedge

- The COFVH is adapted to a principally fixed-rate balance sheet
 - It allocates the hedge relationship to the hedged items
- The COFVH is adapted to the hedging objective
 - The P&L continues to reflect the economic substance of the transactions
- The COFVH is transparent
 - It shows in the balance sheet the hedged items, the value of which is adjusted in respect of the hedged risk (interest rate risk)
 - It highlights the mark-to-market value of the hedging derivatives
 - For BNP Paribas as at 31-12-2004: + €1bn
 - Equity is not impacted

Presentation plan

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- **Wrap-up**

2004 (in millions of euros)	French GAAP	EU-IFRS Simulation	
Net Banking Income	5,086	5,170	+1.5%
Operating Expenses and Dep.	-3,457	-3,540	+2.5%
Gross Operating Income	1,629	1,630	+0.0%
Provisions	-223	-280	+25.0%
Operating Income	1,406	1,350	-4.0%
Pre-Tax Income	1,410	1,350	-4.5%
Cost/Income ratio	68.0%	68.6%	
Cost of risk on weighted assets	31 bp	39 bp	

Reverse effect of discounting of recoverable amounts **Recurring**

New calculation method for employee benefits **Timing**

Discounting of recoverable amounts **Recurring**

* Including 100% of French Private Banking

Impacts of the Transition by Core Business

IRFS

2004 (in millions of euros)	French GAAP	EU-IFRS Simulation	
Net Banking Income	5,057	5,080	+0.5%
Operating Expenses and Dep.	-2,817	-2,850	+1.5%
Gross Operating Income	2,240	2,230	-1.0%
Provisions	-439	-550	+24.5%
Operating Income	1,801	1,680	-7.0%
Amortisation of Goodwill	-271	0	n.s.
Other Non Operating Items	114	140	+23.5%
Pre-Tax Income	1,644	1,820	+10.5%
Cost/Income ratio	55.7%	56.2%	
Cost of risk on weighted assets	57 bp	72 bp	

Reverse effect of discounting of recoverable amounts **Recurring**
 IAS 17 - Leases **Timing**

Restructuring costs relating to BancWest acquisitions **Recurring**

Discounting of recoverable amounts **Recurring**

Elimination of goodwill amortisation **Recurring**

2004

(in millions of euros)

	French GAAP	EU-IFRS Simulation	
Net Banking Income	3,019	3,030	+0.5%
Operating Expenses and Dep.	-1,953	-1,980	+1.0%
Gross Operating Income	1,066	1,050	-1.5%
Provisions	-5	n.s.	n.s.
Operating Income	1,061	1,050	-1.5%
Other Non Operating Items	-68	10	n.s.
Pre-Tax Income	993	1,060	+6.5%
Cost/Income ratio	64.7%	65.3%	

Elimination of goodwill
amortisation **Recurring**

Impacts of the Transition by Core Business CIB

2004 (in millions of euros)	French GAAP	EU-IFRS Simulation	
Net Banking Income	5,685	5,520	-3.0%
Operating Expenses and Dep.	-3,243	-3,360	+3.5%
Gross Operating Income	2,442	2,160	-11.5%
Provisions	-58	-80	+34.0%
Operating Income	2,384	2,080	-12.5%
Pre-Tax Income	2,448	2,130	-12.5%
Cost/Income ratio	57.0%	60.9%	
Cost of risk on weighted assets	5 bp	7 bp	

Spreading of the "day-one" profit **Timing**

Spreading of 2002 and 2003 deferred bonuses (see slide 22) **One-off**

Discounting of recoverable amounts **Recurring**

Impacts of the Transition by Core Business BNP Paribas Capital

2004

(in millions of euros)

	French GAAP	EU-IFRS Simulation
Net Banking Income	4	420
Operating Expenses and Dep.	-30	-30
Gross Operating Income	-26	390
Provisions	0	0
Operating Income	-26	390
Associated companies	3	190
Capital gains	688	0
Other Non Operating Items	-4	80
Pre-Tax Income	661	660

Reclassification of capital gains in Net Banking Income
Recurring

Change in consolidation rules :
Reversals of provisions on investments in equity-accounted companies
Timing

Cancellation of the effect of change in estimate of shares in funds
One off

Summary of Impacts on the Group's Results in 2004

2004

(in millions of euros)

	French GAAP	EU-IFRS Simulation	
Net Banking Income	18,823	19,210	+2.0%
Operating Expenses and Dep.	-11,592	-12,030	+4.0%
Gross Operating Income	7,231	7,180	-0.5%
Provisions	-678	-890	+31.0%
Operating Income	6,553	6,290	-4.0%
Amortisation of Goodwill	-384	0	n.s.
Other Non Operating Items	736	480	-35.0%
Pre-Tax Income	6,905	6,770	-2.0%
Net Income, Group Share	4,668	4,690	+0.5%
Cost/Income ratio	61.6%	62.6%	
Cost of risk on weighted assets	24 bp	31 bp	

Of which :

- Core businesses : - €260mn
- Other activities :
 - €150mn due to the reclassification of exceptional expenses
 - €23mn due to stock-options expenses

- One-off impacts: -€187mn
- P&L deferred over time : -€176mn
- Elimination of goodwill amortisation : +€388mn
- Other net recurring impacts: negl.

- **BNP Paribas has retained options**

- **Which offer the best protection for the future**

- **Health insurance: commitments extinguishes vis-à-vis retirees (no more future expenses)**
- **Retirement benefits: commitments existing at 31/12/04 fully provided for**
- **Back to acquisition cost for property valuation**
 - **Unrealised capital gains of around €2 billion do not appear on the balance sheet**
- **“Day-one profit”: the option to retroactively restate all existing contracts enables a quicker reduction of the differences with the former methods**

- **Which are consistent with macro hedging management methods**

- **The carve-out option adopted by the European Union allows the macro-hedging of sight deposits to be maintained**
 - **Unrealised capital gain on the macro-hedging derivative portfolio (not included in equity): €1bn**

- **The adoption of the new accounting standards**
 - **Does not have any impact on the Group's economic substance**
 - Actual flows do not change
 - Impacts are mainly due to the effects of first-time adoption and timing differences
 - **Is neutral vis-à-vis the strategy described in Vision 2007**
 - Priority to organic growth
 - An active and disciplined acquisition policy
 - Dividend: a stepped-up pay-out strategy
 - Shares buybacks: at minimum, neutralisation of shares issued to employees

Appendices

Summary of the 2004 IFRS Impact on Group Shareholders' Equity and Group's Tier one

In millions of euros		Group shareholders' equity as at 1/1/2004	Tier one as at 1/1/2004
IAS 16	Property, plant and equipment	-269	-18
	<i>Revaluation</i>	-312	-86
	<i>Component method</i>	+43	+68
IAS 17	Leases	-19	-23
IAS 19	Employee benefits	-481	-480
	<i>Health benefits</i>	-97	-97
	<i>Retirement pensions</i>	-384	-383
IAS 27,28,31	Consolidation	+21	+30
IAS 37	RGBR	+838	-3
IAS 38	Intangible assets	-253	132
IFRS 2	Share-based payment	+89	+89
	<i>Stock-options</i>	0	0
	<i>Share incentive Plan</i>	+89	+89
	Other elements	-17	-11
Total 2004 IFRS impact		-91	-284



Summary of Estimated EU-IFRS Impacts on Group Shareholders' Equity and Tier 1 Capital as at 1 January 2005

In millions of euros

	Group shareholders' equity	Tier 1		
IFRS 2004	2004 IFRS impact on permanent equity as at 1/1/2004	-91	-284	-0.1 %
	2004 IFRS impact on 2004 net income	+334*	+84	
EU-IFRS standards	<i>Impact on permanent equity</i>	1,700**	1,700	
	Day-one profit	-500	-500	
	Provisions for incurred losses (discounting)	-450	-450	
	Portfolio provisions	-100	-100	
	Derivatives: hedging strategies not recognised under IFRS	-400	-400	
	Provisions for PEL-CEL contracts	-250	-250	
	<i>Impact on Valuation Reserves***</i>	+3,100	no impact	
	Securities available for sale	+2,700	no impact	
	Derivatives for cash flow hedges	+300	no impact	
	Insurance -Securities available for sale	+100	no impact	
Total IAS 39 impacts estimated as at 1/1/2005	+1,400	- 1,700	-0.5 %	
Total EU-IFRS impacts estimated as at 1/1/2005	+1,650	- 1,900	-0.6 %	

* Excluding expenses with no impact on equity (+€63mn)

** Excluding undated subordinated notes

*** **Unrealised or deferred net capital gains are not included in the Group ROE calculation**

Summary of Impacts on 2004 Group Net Income

In millions of euros	2004 IFRS impacts	IAS 39 simulation	EU-IFRS simulation impact
IAS 37 – RGBR	-85		
IAS 19 – Mutual health insurance	+97		
Deferral of 2002 and 2003 bonuses	-74		
Capital gains private equity adjustment as at 1Q04	-125		
One off	-187		-187
IAS 17 – Leases	-15	Day-one profit	-90
IAS 19 - Retirement benefits	-53	Change in PEL provision	-20
Reversal of provisions on companies accounted for by the equity method	+155	Securities available for sale	-120
Other	-13	Other	-20
Timing	+74		-250
IFRS – Stock-options	-23		
Goodwill amortisation	+388		
Restructuring costs	-16		
Net income from companies accounted for by the equity method	+58		
Less realised capital gains	-23		
Recurring	+384		+384
TOTAL	+271		-250
			+21

2004 Net Income Under 2004 IFRS

In millions of euros

	Published 2004 net income	Reclassifications	2004 IFRS Transition adjustments	2004 IFRS Net income
Net banking income	18,823	580	(34)	19,369
<i>(Management fees)</i>	<i>(11,592)</i>	<i>(356)</i>	<i>(95)</i>	<i>(12,043)</i>
Gross operating income	7,231	224	(129)	7,326
<i>(cost of risk)</i>	<i>(678)</i>	<i>(7)</i>	<i>-</i>	<i>(685)</i>
Operating income	6,553	217	(129)	6,641
<i>Share of earnings of equity method companies</i>	<i>194</i>	<i>-</i>	<i>213</i>	<i>407</i>
<i>Gains / losses on other fixed assets</i>	<i>843</i>	<i>(605)</i>	<i>(174)</i>	<i>64</i>
Income bef. goodwill, tax and excep.	7,590	(388)	(90)	7,112
<i>Non-recurring items</i>	<i>(389)</i>	<i>389</i>	<i>-</i>	<i>-</i>
<i>(Corporate income tax)</i>	<i>(1,830)</i>	<i>(1)</i>	<i>67</i>	<i>(1,764)</i>
<i>Goodwill amortisation</i>	<i>(384)</i>		<i>391</i>	<i>7</i>
<i>Reserve for general banking risks</i>	<i>88</i>		<i>(88)</i>	<i>-</i>
<i>(Minority interests)</i>	<i>(407)</i>		<i>(9)</i>	<i>(416)</i>
Net income, Group share	4,668	-	271	4,939

2004

(in millions of euros)

	French GAAP	2004 IFRS	EU-IFRS Simulation	EU-IFRS Simulation / French GAAP
Net Banking Income	18,823	19,369	19,210	+2.0%
Operating Expenses and Dep.	-11,592	-12,043	-12,030	+4.0%
Gross Operating Income	7,231	7,326	7,180	-0.5%
Provisions	-678	-685	-890	+31.0%
Operating Income	6,553	6,641	6,290	-4.0%
Amortisation of Goodwill	-384	0	0	n.s.
Other Non Operating Items	736	478	480	-35.0%
Pre-Tax Income	6,905	7,119	6,770	-2.0%
Tax Expense	-1,830	-1,764	-1,660	-9.5%
Minority Interests	-407	-416	-420	+2.0%
Net Income, Group Share	4,668	4,939	4,690	+0.5%

2004

(in millions of euros)

	French GAAP	2004 IFRS	EU-IFRS Simulation	EU-IFRS Simulation / French GAAP
Net Banking Income	9,979	9,960	10,090	+1.0%
Operating Expenses and Dep.	-6,183	-6,319	-6,310	+2.0%
Gross Operating Income	3,796	3,641	3,780	-0.5%
Provisions	-662	-669	-830	+25.0%
Operating Income	3,134	2,972	2,950	-6.0%
Amortisation of Goodwill	-271	0	0	n.s.
Other Non Operating Items	118	142	140	+19.0%
Pre-Tax Income	2,981	3,114	3,090	+4.0%

2004

(in millions of euros)

	French GAAP	2004 IFRS	EU-IFRS Simulation	EU-IFRS Simulation / French GAAP
Net Banking Income	5,086	5,109	5,170	+1.5%
Operating Expenses and Dep.	-3,457	-3,546	-3,540	+2.5%
Gross Operating Income	1,629	1,562	1,630	+0.0%
Provisions	-223	-223	-280	+25.0%
Operating Income	1,406	1,339	1,350	-4.0%
Amortisation of Goodwill	0	0	0	n.s.
Other Non Operating Items	4	0	0	n.s.
Pre-Tax Income	1,410	1,339	1,350	-4.5%
Income Attributable to AMS	-73	-71	-70	-2.5%
Pre-Tax Income of French Retail Bkg	1,337	1,269	1,280	-4.5%

* Including 100% of French Private Banking for NBI to Pre-Tax Income lines.

2004

(in millions of euros)

	French GAAP	2004 IFRS	EU-IFRS Simulation	EU-IFRS Simulation / French GAAP
Net Banking Income	5,057	5,016	5,080	+0.5%
Operating Expenses and Dep.	-2,817	-2,867	-2,850	+1.5%
Gross Operating Income	2,240	2,149	2,230	-1.0%
Provisions	-439	-446	-550	+24.5%
Operating Income	1,801	1,703	1,680	-7.0%
Amortisation of Goodwill	-271	0	0	n.s.
Other Non Operating Items	114	142	140	+23.5%
Pre-Tax Income	1,644	1,845	1,820	+10.5%

2004

(in millions of euros)

	French GAAP	2004 IFRS	EU-IFRS Simulation	EU-IFRS Simulation / French GAAP
Net Banking Income	1,555	1,558	1,550	-0.5%
Operating Expenses and Dep.	-740	-768	-760	+2.5%
Gross Operating Income	815	791	790	-3.5%
Provisions	-40	-40	-40	+0.0%
Operating Income	775	751	750	-3.5%
Amortisation of Goodwill	-139	0	0	n.s.
Other Non Operating Items	-12	0	0	n.s.
Pre-Tax Income	624	751	750	+20.0%

2004
(in millions of euros)

	French GAAP	2004 IFRS	EU-IFRS Simulation	EU-IFRS Simulation / French GAAP
Net Banking Income	1,680	1,679	1,750	+4.0%
Operating Expenses and Dep.	-882	-889	-890	+1.0%
Gross Operating Income	798	790	860	+7.5%
Provisions	-380	-387	-480	+27.5%
Operating Income	418	403	380	-10.5%
Amortisation of Goodwill	-45	0	0	n.s.
Other Non Operating Items	116	126	130	+7.5%
Pre-Tax Income	489	529	510	+2.0%

2004

(in millions of euros)

	French GAAP	2004 IFRS	EU-IFRS Simulation	EU-IFRS Simulation / French GAAP
Net Banking Income	3,019	3,032	3,030	+0.5%
Operating Expenses and Dep.	-1,953	-1,975	-1,980	+1.0%
Gross Operating Income	1,066	1,056	1,050	-1.5%
Provisions	-5	-5	n.s.	n.s.
Operating Income	1,061	1,051	1,050	-1.5%
Amortisation of Goodwill	-72	0	0	n.s.
Other Non Operating Items	4	10	10	n.s.
Pre-Tax Income	993	1,061	1,060	+6.5%

2004

(in millions of euros)

	French GAAP	2004 IFRS	EU-IFRS Simulation	EU-IFRS Simulation / French GAAP
Net Banking Income	5,685	5,684	5,520	-3.0%
Operating Expenses and Dep.	-3,243	-3,362	-3,360	+3.5%
Gross Operating Income	2,442	2,322	2,160	-11.5%
Provisions	-58	-58	-80	+34.0%
Operating Income	2,384	2,264	2,080	-12.5%
Amortisation of Goodwill	-26	0	0	n.s.
Other Non Operating Items	90	53	50	-41.0%
Pre-Tax Income	2,448	2,317	2,130	-12.5%

2004

(in millions of euros)

	French GAAP	2004 IFRS	EU-IFRS Simulation	EU-IFRS Simulation / French GAAP
Net Banking Income	3,399	3,392	3,250	-4.5%
Operating Expenses and Dep.	-2,230	-2,341	-2,340	+5.0%
Gross Operating Income	1,169	1,052	910	-22.0%
Provisions	-9	-9	-10	+0.0%
Operating Income	1,160	1,043	900	-22.0%
Amortisation of Goodwill	-21	0	0	n.s.
Other Non Operating Items	2	30	30	n.s.
Pre-Tax Income	1,141	1,073	930	-18.5%

2004

(in millions of euros)

	French GAAP	2004 IFRS	EU-IFRS Simulation	EU-IFRS Simulation / French GAAP
Net Banking Income	2,286	2,292	2,270	-0.5%
Operating Expenses and Dep.	-1,013	-1,021	-1,020	+1.0%
Gross Operating Income	1,273	1,271	1,250	-2.0%
Provisions	-49	-49	-70	+40.5%
Operating Income	1,224	1,222	1,180	-3.5%
Amortisation of Goodwill	-5	0	0	n.s.
Other Non Operating Items	88	23	20	-74.0%
Pre-Tax Income	1,307	1,244	1,200	-8.0%

2004

(in millions of euros)

	French GAAP	2004 IFRS	EU-IFRS Simulation
Net Banking Income	4	417	420
Operating Expenses and Dep.	-30	-30	-30
Gross Operating Income	-26	387	390
Provisions	0	0	0
Operating Income	-26	387	390
Amortisation of Goodwill	-5	0	0
Other Non Operating Items	692	272	270
Pre-Tax Income	661	659	660

2004

(in millions of euros)

	French GAAP	2004 IFRS	EU-IFRS Simulation
Net Banking Income	136	276	160
Operating Expenses and Dep.	-183	-356	-360
Gross Operating Income	-47	-80	-200
Provisions	47	47	20
Operating Income	0	-33	-180
Amortisation of Goodwill	-10	0	0
Other Non Operating Items	-168	2	0
Pre-Tax Income	-178	-31	-180