



Financial Statements for the 1st Half Results
ended June 30, 2000

(Unaudited)

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ASSETS

In millions of euros	30 June 2000	31 December 1999	30 June 1999
Interbank and money market items: (note 4)			
Cash and due from central banks and post office banks	8,149	6,031	5,149
Treasury bills and money-market instruments (note 7)	47,954	61,803	45,421
Due from credit institutions	149,715	159,772	76,049
Total interbank and money market items	205,818	227,606	126,619
Customer items: (note 5)			
Due from customers	198,303	197,114	143,590
Leasing receivables	17,029	16,281	9,824
Total customer items	215,332	213,395	153,414
Insurance company investments (note 6)	52,313	47,929	25,627
Bonds and other fixed-income instruments (note 7)	49,834	57,278	17,601
Equities and other non-fixed income instruments (note 7)	29,139	26,682	9,594
Equity securities held for investment and other stock investments (note 8)			
Equity securities held for investment	4,151	3,477	1,576
Other stock investments	4,376	4,341	1,815
Total equity securities held for investment and other stock investments	8,527	7,818	3,391
Investments in companies carried under the equity method:			
Financial companies	1,578	2,158	198
Non-financial companies	245	105	76
Total investments in companies carried under the equity method	1,823	2,263	274
Tangible and intangible assets (note 10)	5,151	5,170	2,440
Accrued income and other assets (note 11)	118,974	109,095	37,598
Goodwill (note 12)	1,428	1,389	124
Total assets	688,339	698,625	376,682
COMMITMENTS GIVEN AND RECEIVED			
Financing commitments given (note 22)	136,991	121,791	78,650
Guarantees and endorsements given (note 22)	56,233	56,963	35,597
Commitments given on securities (note 22)	17,510	10,236	14,197
Commitments incurred on forward and options contracts (note 23)	8,150,841	7,377,840	3,128,893

CONSOLIDATED BALANCE SHEET

LIABILITIES AND STOCKHOLDERS' EQUITY

In millions of euros	30 June 2000	31 December 1999	30 June 1999
Interbank and money market items: (note 13)			
Due to central banks and post office banks	946	459	303
Due to credit institutions	222,409	230,614	113,155
Total interbank and money market items	223,355	231,073	113,458
Customer deposits (note 14)	149,317	149,003	120,987
Bonds and negotiable debt instruments :			
Retail certificates of deposit (note 14)	6,209	5,793	5,234
Interbank market securities (note 13)	341	623	139
Negotiable certificates of deposit (note 14)	50,038	55,005	27,504
Bonds (note 15)	14,157	15,617	7,523
Other debt instruments	43	61	87
Total bonds and negotiable debt instruments	70,788	77,099	40,487
Technical reserves of insurance companies (note 16)	52,645	47,724	25,726
Accrued expenses and other liabilities (note 17)	149,321	151,738	51,086
Provisions for risks and charges (note 18)	6,185	6,166	3,239
Subordinated debt (note 19)	11,993	11,977	8,748
Reserves for general banking risks (note 20)	1,042	1,040	1,038
Stockholders' equity: (note 21)			
Capital stock	1,772	1,799	874
Additional paid-in capital in excess of par and premium on acquisition	10,847	11,709	3,382
Consolidated retained earnings, revaluation surplus, translation adjustment , equity method adjustments :			
Group share	5,669	4,797	5,776
Minority interests	2,565	2,853	1,208
Total stockholders' equity	20,853	21,158	11,240
Net income for the period:			
Net income attributable to the Group	2,594	1,484	605
Minority interests	246	163	68
Consolidated net income	2,840	1,647	673
Total liabilities and stockholders' equity	688,339	698,625	376,682
COMMITMENTS RECEIVED (note 22)			
Financing commitments received	19,602	11,233	8,650
Guarantees and endorsements received	29,902	40,034	24,405
Commitments received on securities	16,683	12,725	12,468

CONSOLIDATED INCOME STATEMENT

In millions of euros	Six months ended 30 June 2000	Six months ended 30 June 1999	Year ended 31 December 1999
Interest and assimilated income (note 26)	20,389	10,505	24,413
Interest and assimilated expense (note 26)	(18,174)	(8,730)	(20,628)
Net interest and assimilated income	2,215	1,775	3,785
Income on equities and other non-fixed income instruments (note 29)	221	93	175
Net commissions (note 30)	2,371	1,433	3,198
Net gains on sales of trading account assets	2,677	1,033	2,465
Net gains on sales of investment securities held for sale and assimilated income	79	42	67
Other net (expense)/income from banking operations	177	4	(157)
Underwriting result and net investment income of insurance companies (note 31)	539	155	562
Net income from other businesses	106	21	111
Net banking income (note 35)	8,385	4,556	10,206
Operating expense :			
Salaries and employee benefits, including profit sharing (note 32)	(3,080)	(1,692)	(4,040)
Other expense	(1,770)	(930)	(2,277)
Total operating expense	(4,850)	(2,622)	(6,317)
Depreciation, amortization and provisions on tangible and intangible assets	(292)	(180)	(425)
Gross operating income (note 35)	3,243	1,754	3,464
Net additions to allowances for credit risks and country risks (note 8)	(431)	(196)	(702)
Net operating income	2,812	1,558	2,762
Share of earnings of companies carried under equity method	132	26	19
Gains on disposals of long-term investments, net of provisions (note 33)	1,082	280	911
Income before tax, non-recurring items, amortization of goodwill and movements in the reserve for general banking risks	4,026	1,864	3,692
Net non-recurring expense (note 34)	(81)	(12)	(156)
Income taxes (note 36)	(1,037)	(578)	(1,201)
Amortization of goodwill	(69)	(21)	(111)
Movements in the reserve for general banking risks and miscellaneous risks	1	15	18
Minority interests	(246)	(68)	(163)
Net income before BNP-Paribas merger-related restructuring costs	2,594	1,200	2,079
BNP-Paribas merger-related restructuring costs (note 37)		(595)	(595)
Net income	2,594	605	1,484
Earnings per share before BNP-Paribas merger-related restructuring costs, in euros	5.97	5.49	7.80
Earnings per share, in euros	5.97	2.77	5.57

NOTE 1 – ACCOUNTING POLICIES

The consolidated financial statements of the BNP-Paribas Group have been prepared in accordance with French generally accepted accounting principles applicable in the banking industry.

PERIOD-ON-PERIOD COMPARISONS

In 1999, Banque Nationale de Paris (BNP) acquired a controlling interest in Paribas SA. Paribas SA and its subsidiaries were consolidated by the new BNP-Paribas Group for the first time at 31 December 1999. The accounting method used for the consolidation is set out in note 21. To permit period-on-period comparisons of the two groups' businesses, the impact of consolidating Paribas on the BNP-Paribas Group's consolidated balance sheet at 31 December 1999 and its consolidated income statement for the year then ended is presented in note 3.

The BNP-Paribas Group has adopted the new consolidation rules applicable to institutions regulated by the Comité de la Réglementation Bancaire et Financière with effect from 1999. The financial statements for the six months to 30 June 1999 have been restated based on the same presentation, to take into account the full consolidation of Group subsidiaries operating in the insurance and real estate development sectors. Comparisons between the published and restated consolidated balance sheets at 30 June 1999 and consolidated income statements for the period then ended are presented in note 38.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION PRINCIPLES

- **Adoption of new consolidation rules**

The BNP-Paribas Group has applied Accounting Standards Committee (CRC) standard 99-07 "Consolidation rules applicable to institutions regulated by the Comité de la Réglementation Bancaire et Financière", with effect from 1 January 1999, in accordance with the early adoption provisions of section 5 of Rule 99-07.

The main changes resulting from the application of CRC standard 99-07 for the preparation of the consolidated financial statements of the BNP-Paribas Group are as follows:

- All subsidiaries that are exclusively controlled by BNP-Paribas and operate in businesses that represent an extension of the Group's banking and financial services business or in related business segments, including insurance and real estate development, are now fully consolidated.
- Deferred taxes are now recognized for all temporary differences between the reported amount of assets and liabilities and their tax basis. This new approach results in not only the recognition of probable but also of possible deferred taxes. In addition, in the case of leasing operations carried out by the Group, deferred taxes are now calculated on the total difference between straight-line depreciation of the leased assets and amortization of the net investment in the lease.

The financial statements of consolidated companies have been restated based on BNP-Paribas Group accounting policies. In accordance with CRC standard 99-07, however, the financial statements of non-banking subsidiaries have not been restated to eliminate differences in accounting policies in cases where these differences concern accounting policies that are specific to the businesses in which the subsidiaries concerned operate.

In accordance with CRC standard 99-07, the financial statements for prior periods have been restated to take account of the changes of method resulting from the application of this standard. The effect of these changes of method on opening balances at 1 January 1999 has been recorded under "Retained Earnings" net of the related tax effect (note 21).

- **First-time consolidation of the Paribas Group**

Following the two public exchange offers made in 1999, BNP held over 90% of the capital of Paribas at 31 December 1999. Based on the National Accounting Council (CNC) Emerging Issues Task Force's interpretation of the rules governing the application of section 215 of the Appendix to CRC standard 99-07, the transaction meets the criteria for application of the pooling of interests method. This method consists of replacing the purchase cost of the Paribas shares with the net book value of the assets and liabilities acquired, as restated in accordance with BNP-Paribas Group accounting policies. The difference between the cost of the shares and the book value of the net assets acquired has been charged against the premium on the shares issued in exchange for Paribas shares (note 21).

The accounting methods applied by Paribas have been aligned with those applied by BNP. The effect of these changes of method has been charged to Paribas' stockholders' equity at the date of first consolidation by the BNP-Paribas Group.

NOTE 1 – ACCOUNTING POLICIES (cont'd)

PRESENTATION OF THE CONSOLIDATED INCOME STATEMENT

The consolidated income statement of the BNP-Paribas Group is presented in accordance with banking industry recommendations published in December 1999. The consolidated income statement for the six months to 30 June 1999 is presented on the same basis.

PRINCIPLES AND BASIS OF CONSOLIDATION

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of BNP Paribas and of all subsidiaries whose financial statements are material in relation to the consolidated financial statements of the Group as a whole. Subsidiaries are considered as being material if they have total assets in excess of EUR 15 million or if they make a material contribution to the net income of the sub-group to which they belong. Newly-created companies that are expected to expand rapidly are also consolidated.

Entities over which a Group company exercises de facto control, by virtue of contractual provisions or provisions of the entity's bylaws, are consolidated even in cases where the Group does not hold an interest in their capital. However, entities in which powers are not exercised in the sole interests of a Group company but in a fiduciary capacity on behalf of third parties and in the interests of all of the parties involved, none of which exercises exclusive control over the entity, are not consolidated.

Entities whose shares have been acquired exclusively with a view to their subsequent disposal are not consolidated. This is the case of shares acquired by BNP as a result of the acquisition of Paribas which are intended to be sold in connection with the active management of the portfolio held by BNP Paribas Capital. Additionally, if the Group's ability to control the operating policies and assets of a subsidiary or affiliate is severely and permanently restricted, the subsidiary or affiliate is not consolidated. Shares in these companies are carried at cost in the consolidated balance sheet under "Stock investments".

CONSOLIDATION METHODS

• Fully-consolidated Companies

Subsidiaries over which the Group exercises exclusive control are fully consolidated, including subsidiaries whose financial statements are presented in a different format which are engaged in a business that represents an extension of the Group's banking and financial services businesses or a related business, including insurance, real estate investment, real estate development and data processing services.

Exclusive control is considered as being exercised in cases where the Group is in a position to manage the subsidiary's financial and operating policies with a view to benefiting from its business, as a result of:

- direct or indirect ownership of the majority of voting rights of the subsidiary,
- the designation in two successive years of the majority of the members of the Board of Directors, Supervisory Board or equivalent. This is considered to be the case if a Group company holds over 40% of the voting rights during the two-year period and no other stockholder holds a larger percentage, directly or indirectly;
- the right to exercise dominant influence over the subsidiary by virtue of contractual provisions or provisions of the bylaws, provided that the Group company exercising the dominant influence is a shareholder of the subsidiary. Dominant influence is considered as being exercised in cases where the Group company is in a position to use or decide the utilization of the subsidiary's assets, liabilities or off-balance sheet items as if they were its own. In the absence of contractual provisions or provisions of the bylaws, a Group company is considered as exercising dominant influence over a credit institution in cases where it holds at least 20% of the voting rights and no other stockholder or group of stockholders holds a larger percentage.

• Proportionally-consolidated Companies

Jointly-controlled companies are consolidated by the proportional method. Joint control is considered as being exercised in cases where the company concerned is managed jointly by a limited number of stockholders which together determine the company's financial and operating policies.

NOTE 1 – ACCOUNTING POLICIES (cont'd)

• **Companies Accounted for by the Equity Method**

Companies in which the Group exercises significant influence over financial and operating policies without having control are accounted for by the equity method. Significant influence may be exercised through representation on the Board of Directors, Supervisory Board or equivalent, or participation in strategic decisions, or as a result of significant business dealings with the company, or exchanges of management personnel or technical dependence. Significant influence over financial and operating policies is considered as being exercised in cases where the Group holds at least 20% of the voting rights, directly or indirectly.

Companies that are less than 20%-owned are not consolidated except in cases where they constitute a strategic investment and the Group effectively exercises significant influence. This is the case of companies developed in partnership with other groups, where the BNP-Paribas Group participates in strategic decisions affecting the company as a member of the Board of Directors, Supervisory Board or equivalent, exercises influence over the company's operational management by supplying management systems or decision-making aids and provides technical assistance to support the company's development.

CONSOLIDATION PRINCIPLES

Cost of Shares in Consolidated Companies, Goodwill, Valuation Adjustments

• **Cost of Shares in Consolidated Companies**

The cost of shares in consolidated companies is equal to the purchase price paid to the vendor by the buyer plus material transaction costs, net of the corresponding tax savings.

• **Goodwill**

Goodwill, corresponding to the difference between the cost of shares in consolidated companies and the Group's equity in the assets, liabilities and off-balance sheet items of the company at the date of acquisition, after valuation adjustments, is amortised by the straight-line method over the estimated period of benefit, not to exceed 20 years. The amortization period is determined on a case by case basis depending on the specific conditions relating to each acquisition. Goodwill arising on acquisition of fully-consolidated and proportionally-consolidated companies is recorded under "Goodwill". The difference between the cost of shares in companies accounted for by the equity method and the Group's equity in the net assets acquired, after valuation adjustments, is recorded under "Investments in companies carried under the equity method".

• **Valuation Adjustments**

Valuation adjustments, corresponding to the difference between the revalued amount of assets, liabilities and off-balance sheet items of the acquired company and their book value in the accounts of the acquired company, are recorded in the consolidated balance sheet in accordance with generally accepted accounting principles applicable to the items concerned.

Change in Percent Interests in Consolidated Companies

In the case of an increase in the Group's percent interest in a consolidated company, additional goodwill is recorded and amortized by the method described above. If the Group's percent interest is reduced without resulting in the subsidiary being deconsolidated, a corresponding percentage of the unamortized goodwill is written off. This is the case, in particular, following a capital transaction that has the effect of diluting the interest of the company holding the shares,

Intercompany Balances and Transactions

Material intercompany balances, as well as income and expenses on material intercompany transactions between fully or proportionally consolidated companies, are eliminated in consolidation.

Lease Financing

Finance leases where the Group is lessor are recorded in the consolidated balance sheet under "Leasing receivables" in an amount corresponding to the net investment in the lease and not the net book value in the individual company accounts determined in accordance with legal and tax rules. Lease payments are analyzed between amortization of the net investment and interest income.

Deferred taxes are recorded on the total difference between accumulated book depreciation of the leased assets and accumulated amortization of the net investment in the lease. The difference is recorded under "Stockholders' equity" net of deferred taxes.

NOTE 1 – ACCOUNTING POLICIES (cont'd)

Foreign Currency Translation

All monetary and non-monetary assets and liabilities of foreign subsidiaries and branches that are denominated in foreign currencies are translated at the period-end exchange rate. Differences arising from the translation of income statement items at the average rate for the period and the period-end rate are recorded in stockholders' equity net of minority interests, together with differences arising on translation of the capital made available to foreign branches.

BNP-Paribas shares held within the Group

BNP-Paribas shares held within the Group are valued and accounted for as follows:

- Shares acquired in order to stabilise the share price or in connection with index arbitrage transactions are recorded under "Trading account assets" at their market price.
- Shares held for allocation to employees are recorded at the lower of cost and market price under "Investment securities held for sale". Where appropriate, an allowance is booked for the difference between the cost of the shares and the exercise price of the related employee stock purchase options
- Shares not acquired for any of the above purposes that are intended to be cancelled are deducted from consolidated stockholders' equity at cost. If the shares are subsequently sold instead of being cancelled, the gain or loss on disposal and the corresponding tax are posted to retained earnings.

Full Consolidation of Insurance Subsidiaries

The financial statements of insurance subsidiaries have not been restated to eliminate differences in accounting policies that result from the application of insurance accounting standards. The balance sheet, income statement and off-balance sheet items of fully consolidated insurance subsidiaries are included under similar captions in the consolidated financial statements, with the exception of the following items:

- **Insurance Company Investments**

The investments of insurance companies include admissible assets related to unit-linked business, land and buildings and various other investments, including shares in related companies. Land and buildings are stated at cost, excluding transaction costs. Buildings are depreciated over their estimated useful lives. Admissible assets related to unit-linked business are stated at the realizable value of the underlying assets at the period-end. Fixed and variable income securities are stated at cost. Premiums and discounts on fixed income securities are amortized over the residual life of the securities. An allowance is booked for any permanent impairment in value of variable income securities. If the aggregate book value of real estate, equities, mutual funds and other variable income instruments is greater than the aggregate market value, an allowance is recorded for the difference. This allowance is included in technical reserves.

- **Technical Reserves of Insurance Companies**

Technical reserves correspond to the insurance company's commitments towards policyholders and the insured. Technical reserves for unit-linked business are determined based on the value of the underlying assets at the period-end. Life premium reserves consist primarily of mathematical reserves corresponding to the difference between the present value of the insurer's commitments and those of the policyholder, taking into account the probability of their settlement. Non-life technical reserves include unearned premium reserves (corresponding to the fraction of written premiums relating to the following period or periods) and outstanding claims reserves, including claims handling costs.

A capitalisation reserve is set up to cover any impairment in value of the insurance company's portfolio of investments or any decline in income from these investments, by crediting to the reserve any gains realized on the sale or conversion of qualifying amortizable securities before maturity, with the exception of floating rate bonds. Amounts credited to or released from the reserve in the financial statements of the insurance companies are not restated in consolidation. The capitalisation reserve is included in technical reserves in the consolidated balance sheet.

- **Underwriting Result and Net Investment Income of Insurance Companies**

This caption mainly includes earned premiums, paid claims and changes in outstanding claims reserves, and net investment income, excluding intercompany profits.

NOTE 1 – ACCOUNTING POLICIES (cont'd)

OTHER SIGNIFICANT ACCOUNTING POLICIES

INTERBANK AND MONEY-MARKET ITEMS, CUSTOMER ITEMS

Amounts due from credit institutions include all subordinated and unsubordinated loans made in connection with banking transactions with credit institutions, with the exception of debt securities. They also include securities purchased under resale agreements, whatever the type of securities concerned, and receivables corresponding to securities sold under collateralized repurchase agreements. They are broken down between demand loans and deposits and term loans and time deposits.

Amounts due from customers include loans to customers other than credit institutions, with the exception of loans represented by debt securities issued by customers, securities purchased under resale agreements, whatever the type of securities concerned, and receivables corresponding to securities sold under collateralized repurchase agreements. They are broken down between commercial loans, overdrafts and other credits.

Interbank and money-market items and customer items are stated at their nominal value plus accrued interest.

Allowances are booked to write down the outstanding principal in cases where the bank considers that there is a risk of borrowers being unable to honour all or part of their commitments, by debiting the income statement. This is considered to be the case of all loans on which one or more instalment is more than three months past-due (or six months in the case of real estate loans).

These principles also apply to loans granted to real estate professionals. For these loans, the potential loss is determined based on the estimated value of the underlying property and the guarantees obtained, as well as the estimated final loss on the project, calculated by comparing forecast revenues with the cost to complete. The estimated value of the underlying property is determined by reference to rental values and prices observed for recent transactions involving similar properties and any capital losses. The cost to complete includes interest expense up to the final date of sale of the property, future construction costs and fees, as well as operating costs.

Allowances for loan losses are deducted from the amount of the corresponding loans. Provisions recorded under liabilities include provisions related to off-balance sheet commitments, provisions for losses on interests in real estate development programs, provisions for claims and litigation, provisions for unidentified contingencies and allowances for unforeseeable sectoral risks.

Additions to and recoveries of allowances and provisions, write-offs of bad debts and recoveries on loans covered by allowances are recorded in the income statement under "Net additions to allowances for credit risks and country risks", with the exception of additions to provisions for accrued interest on non-performing loans which are included in net banking income together with the interest accrual.

SECURITIES

The term "securities" covers interbank market securities (mainly promissory notes and mortgage notes); Treasury and other negotiable debt instruments; bonds and other fixed-income instruments (whether fixed- or floating-rate); and equities and other non-fixed-income instruments.

Securities are classified as "Trading account assets", "Investment securities held for sale", "Debt securities held for investment", "Equity securities held for investment", and "Other stock investments". Investments in companies carried under the equity method are recorded on a separate line of the consolidated balance sheet.

- **Trading Account Assets**

Securities held for up to six months are recorded under "Trading account assets" and valued individually at market. Changes in market values are posted to income.

- **Investment Securities Held for Sale**

This category includes securities held for at least six months, but which are not intended to be held on a long-term basis.

Bonds and other fixed-income instruments are valued at the lower of cost (excluding accrued interest) or their probable market value, which is generally determined on the basis of market prices. Accrued interest is posted to income under "Interest income on bonds and other fixed-income instruments".

NOTE 1 – ACCOUNTING POLICIES (cont'd)

The difference between cost and the redemption price of fixed income securities purchased on the secondary market is prorated over the life of the securities and posted to the income statement. As a result, their carrying value is amortized to their redemption value over their remaining life.

Stocks are valued at the lower of cost or their probable market value, which is generally determined on the basis of stock market prices, for listed stocks, or the BNP-Paribas Group's share in net assets calculated on the basis of the most recent financial statements available, for unlisted stocks. Dividends received are posted to income under "Income on equities and other non-fixed-income instruments" at the time of their payment.

The cost of sale of investment securities held for sale is determined on a first in, first out (FIFO) basis. Capital gains or losses on disposal are reflected in the income statement under "Net gains on sales of investment securities held for sale and assimilated income", as are provisions for market value write-downs or recoveries.

• Debt Securities Held for Investment

Fixed-income securities (mainly bonds, interbank market securities, Treasury securities, and other negotiable debt securities) are recorded under "Debt securities held for investment" to reflect the BNP-Paribas Group's intention of holding them on a long-term basis. Bonds classified under this heading are financed by matching funds or hedged against interest rate exposure to maturity.

The difference between cost and the redemption price of these securities is prorated over the life of the securities in the income statement. As a result, their carrying value is amortized to their redemption value over their remaining life.

Interest on debt securities held for investment is posted to income under "Interest income on bonds and other fixed-income instruments".

A provision is made when a decline in the credit standing of an issuer jeopardizes redemption at maturity.

• Equity Securities Held for Investment

This category includes shares and related instruments that the BNP-Paribas Group intends to hold on a long-term basis in order to earn a satisfactory rate of return over the long term, without taking an active part in the management of the issuing company but with the intention of promoting the development of lasting business relationships by creating special ties with the issuer.

"Equity securities held for investment" are recorded individually at the lower of cost or fair market value. Fair market value of listed securities is primarily determined according to the average market price over the previous twenty-four months or according to a more recent market price when a decrease in value of the underlying security is likely to endure. Fair market value of unlisted securities is determined according to net asset value per share (consolidated, if applicable).

Dividends received are posted to income under "Income on equities and other non-fixed-income instruments" at the time of their payment.

• Other Stock Investments

This category includes affiliates in which the Group exercises significant influence over management or investments considered strategic to the Group's business development. This influence is deemed to exist when the Group holds an ownership interest of at least 10%.

"Other stock investments" are recorded individually at the lower of cost or fair market value. Fair market value of listed securities is primarily determined according to the average market price over the previous twenty-four months or according to a more recent market price when a decrease in value of the underlying security is likely to endure. Fair market value of unlisted securities is determined according to net asset value per share (consolidated, if applicable).

Capital gains or losses on disposals are recorded as "Gains (losses) on disposals of long-term assets" in the income statement.

Dividends on other stock investments are posted to income when the stockholders of those companies have voted to distribute the dividends during the period or upon receipt when the stockholders' decision is not known. They are posted to "Income on equities and other non-fixed-income instruments".

NOTE 1 – ACCOUNTING POLICIES (cont'd)

• Investments in Companies Carried Under the Equity Method

Changes in net assets of companies carried under the equity method are posted to assets under "Investments in companies carried under equity method" and to consolidated reserves under "Retained earnings". The difference between the book value of the parent company's shares and its share of net assets at the date of acquisition is also posted to the item "Investments in companies carried under equity method" for the portion allocated to specific assets or liabilities.

FIXED ASSETS

In 1991 and 1992, as allowed by French regulations, BNP transferred its main operating real estate holdings to its subsidiary Compagnie Immobilière de France. This transaction covered wholly-owned buildings and buildings leased to BNP SA (the parent company) by one of its specialized subsidiaries. The Bank intends to hold these buildings on a long-term basis. The revaluation arising from this transaction has been posted to consolidated stockholders' equity net of the related deferred tax effect. A deferred tax allowance has been provided for. The resulting capital gain has, since 1994, been posted to the consolidated income statement in proportion to the additional depreciation charge taken by Compagnie Immobilière de France.

In order to reflect what appeared to be a lasting decline in the real estate market, the BNP group wrote down the book value of the above-mentioned real estate in 1997. The impact of this adjustment, net of the related deferred income tax effect, was posted to consolidated stockholders' equity, consistent with the initial adjustment. This adjustment therefore has no impact on consolidated net income.

Other buildings and equipment are stated at cost or valued in accordance with France's appropriation laws of 1977 and 1978 or, for certain foreign subsidiaries, in accordance with local rules. Revaluation differences on non-depreciable assets, recorded at the time of these legal revaluations, have been included in capital stock.

Assets leased by the Bank from its specialized subsidiaries are recorded as buildings, equipment, and other under "Tangible and intangible assets".

The restructured real estate portfolio is depreciated over a fifty-year period starting from the date of transfer using the straight-line method. Depreciation of other fixed assets is computed using the straight-line method over their estimated useful lives.

BNP-Paribas and its French subsidiaries have adopted an accelerated depreciation method for their individual company accounts. In the consolidated financial statements, depreciation is adjusted (in most cases using the straight-line method) to allocate the cost of the depreciable assets over their estimated useful lives. Deferred taxes are calculated on the adjustment.

Amortization of assets leased by the Bank from its leasing subsidiaries is reflected in the income statement under "Depreciation, amortization and provisions on tangible and intangible assets".

The capitalized cost of software purchased or developed for internal use is recorded under "Intangible assets" and amortized by the straight-line method over the probable period of use of the software, not to exceed 5 years.

INTERBANK AND MONEY-MARKET ITEMS AND CUSTOMER DEPOSITS

Amounts due to credit institutions are analyzed between demand accounts and time deposits and borrowings. Customer deposits are analyzed between regulated savings accounts and other customer deposits. These captions include securities and other assets sold under repurchase agreements. Accrued interest is recorded on a separate line and debited to the income statement.

BONDS AND NEGOTIABLE DEBT INSTRUMENTS

Bonds and negotiable debt instruments are analyzed between retail certificates of deposit, interbank market securities, negotiable certificates of deposit, bonds and other debt instruments. This caption does not include subordinated notes which are recorded under "Subordinated debt".

Accrued interest on bonds and negotiable debt instruments is recorded on a separate line.

Bond issue and redemption premiums are amortized by the yield-to-maturity method over the life of the bonds. Bond issuance costs are amortized by the straight-line method over the life of the bonds.

NOTE 1 – ACCOUNTING POLICIES (cont'd)

COUNTRY RISK PROVISIONS

Provisions for country risk are based on the evaluation of non-transfer risk related to the future solvency of each of the countries at risk and on the systemic credit risk incurred by the debtors in the event of a constant and durable deterioration of the overall situation and the economies of these countries. Country risk provisions and write-backs are reflected in the consolidated income statement under "Net additions to allowances for credit risks and country risks".

ALLOWANCES FOR UNFORESEEABLE SECTORAL RISKS

The Group records allowances for unforeseeable sectoral and other risks to cover losses and expenses that are not certain of being incurred and the amount of which cannot be reliably estimated. These allowances are reversed and replaced by specific allowances in cases where the loss or expense becomes certain and can be reliably estimated.

RESERVE FOR GENERAL BANKING RISKS

For conservatism reasons, the BNP-Paribas Group has set up a reserve for general banking risks.

Specific additions to, and deductions from, this reserve are reflected in the consolidated income statement under "Movements in the reserve for general banking risks and miscellaneous risks".

FORWARD FINANCIAL INSTRUMENTS

Forward financial instruments are purchased on various markets for use as specific or global hedges of assets and liabilities and for position management purposes.

- **Forward Interest Rate Instruments**

Interest rate futures and options contracts traded on organized exchanges are valued at market at the balance sheet date. Realized and unrealized gains and losses are taken to income under "Net gains (losses) on sales of trading account assets".

Gains and losses on certain OTC contracts that are isolated open positions are taken to income either when the contracts are unwound or on a *pro rata temporis* basis, depending on the nature of the instruments. Gains and losses on interest rate contracts designated at the outset as hedging operations are recognized similarly to the underlying instrument.

Provisions for risks are made to cover unrealized losses on a contract by contract basis, taking into account potential gains and losses on related specific hedges.

- **Forward Currency Instruments**

Options contracts are marked to market and valuation differences are posted to income. A similar treatment is used for forward exchange contracts bought and sold for trading purposes. Hedging contracts are valued at the cash price prevailing at the end of the period. Premiums and discounts on contracts designated as hedges are recognized on an accrual basis and posted to the income statement over the life of the underlying transaction.

- **Equity and Equity Index Derivatives**

The BNP-Paribas Group buys and sells equity and equity index options for trading and hedging purposes. In the case of trading operations, unrealized gains and losses on contracts that have not been unwound by the balance sheet date are posted directly to income. Gains and losses on settled equity and equity index contracts designated as hedging operations are recognized similarly to the underlying instrument.

- **Composite Instruments**

Composite instruments (synthetic combinations of instruments recorded as a single instrument) are valued by aggregating the individual values of each basic instrument included in the composite. However, they are recorded for accounting purposes as a single instrument, with a single notional value off balance sheet and a single net movement in the consolidated income statement.

NOTE 1 – ACCOUNTING POLICIES (cont'd)

• Market Value of Financial Instruments

The market value of financial instruments for which a quoted price is not directly available is determined on the basis of the price of transactions carried out close to the period-end or prices obtained from brokers or counterparties, backed up by qualitative analyses.

INCOME TAXES

BNP-Paribas Group companies are subject to income tax based on rules and rates prevailing in the countries in which they operate. In France, the standard income tax rate is 33 1/3%. Long-term capital gains are taxed at a rate of 19%. Capital gains and losses on securities in the portfolios are taxed at the standard income tax rate of 33 1/3%, with the exception of "Other stock investments", which are subject to long-term capital gains taxation. Dividends received from companies in which the BNP-Paribas Group has an ownership interest of more than 10% or more than FRF 150 million are nontaxable.

In 1995 the French government imposed a 10% surtax on corporate income for an unspecified period of time. As of 1997 the government imposed an additional 15% surtax on corporate income, which was lowered to 10% for fiscal year 1999, the last year of application. A new 3.3% surtax is levied on corporate income as from 1 January 2000. The BNP-Paribas Group has taken these surtaxes into account to determine current income taxes for each period concerned, and has used the liability method to adjust the amount of deferred taxes for cases where they would be subject to the surtaxes when the timing differences reverse at any time in the future.

A charge for income taxes is taken in the period in which the respective taxable income and expense are booked, regardless of the time when the tax is actually paid. As a result, BNP-Paribas Group companies book deferred taxes calculated on the basis of all timing differences between profit and loss items for accounting and tax purposes under the liability method.

PROFIT-SHARING PLAN

As required by French law, BNP-Paribas and its French subsidiaries provide for profit sharing in the period in which the profit arises, and report the provision under salaries in "Operating expense" in the consolidated income statement.

RETIREMENT AND PENSIONS FOR FORMER EMPLOYEES

Upon retirement, BNP-Paribas Group employees receive pensions according to the laws and customs prevailing in the countries where BNP-Paribas Group companies operate.

Outside France, BNP-Paribas Group companies and their employees contribute to mandatory pension plans managed by independent organizations.

Retired employees of the BNP-Paribas Group's French subsidiaries and affiliates belonging to the banking industry are entitled to the following pension system starting 1 January 1994, pursuant to a new industry-wide agreement on pensions:

- Retirees receive pension benefits from the social security system and two nationwide organizations, which are financed by contributions received from employers and employees.
- Retirees receive additional benefits from the BNP-Paribas Group pension fund and the banking industry pension funds to which certain of the Group's French subsidiaries contribute, relative to services rendered prior to 31 December 1994. Funding for these additional benefits is provided by transfers from the pension funds' existing reserves and, if necessary, by employer contributions, which are limited to a percentage of payroll costs. The amount of such additional benefits is adjusted to reflect the funding level of the pension funds and may consequently be reduced in due proportion.

The working capital contributions made to the two nationwide pension organizations in 1994 are treated as prepaid expenses and amortized over the average number of years left to retirement of BNP's participating employees, which is currently twenty years.

NOTE 1 – ACCOUNTING POLICIES (cont'd)

EMPLOYEE BENEFITS

Under various agreements, the BNP-Paribas Group is committed to pay early retirement, retirement and seniority bonuses to its employees in France and in most of the countries in which the Group does business.

Each year, the Group estimates the net current value of these commitments and adjusts the related allowance.

RECOGNITION OF REVENUE AND EXPENSES

Interest and commissions qualified as interest are recognized on an accruals basis. Commissions not qualified as interest that relate to the provision of services are recognized when the service is performed.

FOREIGN CURRENCY TRANSACTIONS

Foreign exchange positions are generally valued at the official period-end exchange rate. Exchange gains and losses on transactions in foreign currency carried out in the normal course of business are recorded in the income statement.

Exchange differences arising from the conversion at the period-end exchange rate of assets denominated in foreign currencies that are held on a long-term basis, including equity securities held for investment, the capital made available to branches and other stock investments, are not recognized in the income statement.

NOTE 2 - SUBSIDIARIES AND AFFILIATES OF THE BNP-PARIBAS GROUP AT 30 JUNE 2000

Changes in the structure of the BNP-Paribas Group between 30 June 1999 and 30 June 2000 were as follows:

Between 30 June 1999 and 31 December 1999:

- Following the public exchange offer for Paribas, at 31 December 1999 BNP held 96.48% of the capital of Paribas SA (note 21). Consequently, Paribas SA and those of its subsidiaries that met the BNP-Paribas Group consolidation criteria were consolidated in the financial statements of the new group as from 1 October 1999.
- Two companies, BNP Securities Australia and Immobilière des Bergues, were fully consolidated for the first time.
- The restructuring of the Group's Swiss operations led to the deconsolidation of UEB Holding and the full consolidation of a new holding company, BNP Suisse Holding SA.
- In accordance with the new consolidation rules (note 1), the two insurance companies – Natio Vie and BNP RE Luxembourg –, Meunier Promotion, a real estate development company, and SIFIDA, which were all previously accounted for by the equity method, were fully consolidated.
- Creation Financial Services, a company acquired jointly by BNP and Cofinoga, was proportionally consolidated, together with Natio Assurances, which met the criteria for consolidation for the first time during the period.
- A newly-formed company, BNP Andes, and a newly-acquired company, Fisher Francis Tree and Watts (USA), were accounted for by the equity method.
- Natiolocation was merged into BNP Lease and SAPEG was merged into Financière BNP.
- BNP Leasing Ltd and Négocequip, which were previously fully-consolidated, and Euromezzanine SCA, DGC Participations, Béarnaise de Participations and SFDI, previously accounted for by the equity method, no longer met the criteria for consolidation and were therefore deconsolidated.

Between 31 December 1999 and 30 June 2000:

- Paribas SA, which was previously fully-consolidated, was merged with BNP SA to form BNP-Paribas SA with retroactive effect from January 1, 2000.
- Various restructuring operations led to the full consolidation of UEB Switzerland and BNP Services SA (restructuring of the Group's Swiss operations) and of Bergues Finances (restructuring of the UEB sub-group).
- Four newly-formed companies have been consolidated for the first time. PAM Milan SGR SPA and August Holdings Ltd have been fully-consolidated, SCI Bassin Nord has been proportionally consolidated and Devimo Consult has been accounted for by the equity method.
- In application of the new consolidation rules (note 1), Paribas Capital Funding is now fully-consolidated.
- Europcar Lease, which was previously proportionally-consolidated, is now fully-consolidated following the acquisition by the Group of Europcar Lease's entire capital.
- BICI Senegal, BICI Gabon, BICI Côte d'Ivoire and BICI Burkina Faso, which were previously accounted for by the equity method, are now fully-consolidated following an increase in the Group's percent interest in these companies.
- BNP Finance has been merged into BNP SA, Paribas Investissement Développement has been merged into Société Centrale d'Investissement and Paribas Bank of Canada has been merged into BNP Canada.
- Twenty-five companies that no longer meet the criteria for consolidation have been deconsolidated: BNP Cooper Neff Advisors, BNP Cooper Neff ,SNC Hausmann 1, SPV Paribas New York, SAS Taitbout Paris 9, Ste de Gestion et SAS Colombier Carrières previously fully-consolidated ; Cobepa -Codefi, Cobepa-Berginvest, Nationale A portefeuille, Cobepa-Floridienne, Cobepa-GIB, Cobepa-Sait Radioholland, Erbe SA, Cobepa-UCO Textile, Pargesa Holding, Cobepa-Groupe Josi, Cobepa Sopex, Cobepa Uco Engineering, Cobepa Compagnie Centrale 1909, Cobepa Ancorabel, Cobepa Spass, Cobepa – Zetes et Cobepa-Vegobeheer previously accounted for by the equity method; and Cortal Direct previously proportionally consolidated.

Financial institutions		Group voting interest (%)	Group ownership interest (%)
IN FRANCE			
Credit institutions			
ACCEA Finances	(1)	100.00	99.97
Antee	(1)	100.00	100.00
Arval Service Lease	(1)	100.00	100.00
Banque Cortal		100.00	100.00
Banque de Bretagne	(1)	99.99	99.99
Banque de la Cité	(1)	100.00	100.00
Banque de Wallis et Futuna		51.00	51.00
Banque Financière Cardif		100.00	100.00
BNP "I"		100.00	100.00
BNP Factor	(1)	100.00	100.00
BNP Guadeloupe	(1)	100.00	100.00
BNP Guyane	(1)	100.00	100.00
BNP Lease	(1)	100.00	100.00
BNP Martinique	(1)	100.00	100.00
BNP Nouvelle Calédonie		100.00	100.00
BNP Paribas Securities Services	(1)	100.00	100.00
Bque Directe	(1)	100.00	100.00
Carnegie et Cie		100.00	99.93
Cetelem		100.00	100.00
Cie Gle Location Industrielle	(1)	100.00	99.98
Cie Médicale Fin.Voitures		99.96	99.95
Claas Financial Services Sas		90.00	90.00
Cofica	(1)	99.97	99.97
Cofica Bail	(1)	100.00	99.97
Cofiparc SNC	(1)	100.00	99.98
Corelim SNC		100.00	99.93
Credial	(1)	100.00	100.00
Crédit Moderne Antilles		100.00	100.00
Crédit Moderne Guyane		100.00	99.99
Crédit Moderne Océan Indien		97.14	97.14
Effico Sarl	(1)	100.00	100.00
Fac Location SNC		100.00	100.00
Fidem		51.00	51.00
Foncière de Cetelem	(1)	100.00	100.00
Inchcape Finance		51.00	50.98
Klebaïl SA		100.00	100.00
Massilia Bail	(1)	100.00	100.00
Natiobail		78.89	78.89
Natiocrédibail		100.00	100.00
Natiocrédimurs		100.00	100.00
Natioénergie		100.00	100.00
Neuilly Contentieux		94.80	94.83
Norbail Location Snc		100.00	100.00
Norbail SNC		100.00	100.00
Norrskén Finance		51.00	51.00
Paribas Banque Privée Monaco		100.00	99.98
Paribas Dérivés Garantis		100.00	100.00
Paricomi		100.00	99.92
Parifergie		99.42	99.42
Parilease	(1)	100.00	100.00
Prêts et Services		100.00	99.93
SA Finance et Gestion		70.00	70.00
SA Leval 3	(1)	100.00	100.00
Same Deutz-Fahr Finance		99.97	99.97
Services et Finance		51.00	51.00
Services et Prêts Immobilier		100.00	99.92
Socappa	(1)	99.93	99.93
Sofracem	(1)	100.00	100.00
UCB		99.93	99.93
UCB Bail	(1)	100.00	99.93
UCB Entreprise	(1)	100.00	99.93
UCB Locabail Immobilier		100.00	99.92
UFB Locabail	(1)	100.00	100.00
Via Banque		59.94	59.94
Via Crédit Banque – Banque Des Iles		97.60	58.70

Financial institutions	Group voting interest (%)	Group ownership interest (%)
Other financial institutions		
Arius Finance	100.00	100.00
Arius S.A.	100.00	100.00
Banexi Communication SA	(1) 100.00	100.00
Banexi Société de Capital Risque	100.00	100.00
BNP Arbitrage	(1) 100.00	100.00
BNP Développement SA	100.00	100.00
BNP Emergis	(1) 100.00	100.00
BNP Equities France	(1) 99.81	99.81
BNP Immobilier	(1) 100.00	100.00
BNP Paribas Asset Management Group	(1) 100.00	100.00
Cardif Asset Management.....	(1) 100.00	100.00
Codexi	99.91	99.91
Compagnie d'Investissement de Paris "CIP"	100.00	100.00
Conseil Investissement	99.99	99.99
Cybele RE	100.00	100.00
Europcar Lease	100.00	100.00
Financière BNP	(1) 100.00	100.00
Firem	(1) 100.00	100.00
Gerfonds	99.96	99.96
Immo Investissements BNP	(1) 100.00	100.00
Institut de Télémarketing.....	(1) 99.92	99.92
Jovacienne de Participations.....	(1) 100.00	100.00
Natioinformatique	100.00	100.00
Paribas Asset Management	100.00	99.99
Promopart BNP	(1) 100.00	100.00
SNC Cortal Fund Management	100.00	99.99
.....	(1) 100.00	100.00
Société de Courtage d'Assurance Universel	100.00	100.00
Société Française Auxiliaire "SFA"	(1) 100.00	100.00
Other		
NHG Guyomarc'h	100.00	97.99
OUTSIDE FRANCE		
Credit institutions		
Europe		
ARVAL Belgium.....	95.00	99.98
ARVAL Espana	99.94	99.97
ARVAL Italy.....	55.00	61.40
ARVAL Luxembourg.....	100.00	99.98
ARVAL Portugal	100.00	99.96
BANCA UCB (IT)	100.00	99.96
Banque Paribas Suisse.....	99.98	99.98
BNP Bank NV (Netherlands)	100.00	100.00
BNP Capital Finance Ltd (Ireland)	100.00	100.00
BNP Espana.....	99.17	99.17
BNP Factor (Portugal).....	100.00	100.00
BNP Finans A/S Norge	100.00	100.00
BNP Ireland Ltd (and subsidiaries)	100.00	100.00
BNP Leasing Spa (Italy).....	100.00	100.00
BNP Luxembourg	100.00	100.00
BNP Plc London	100.00	100.00
BNP Suisse	100.00	99.98
BQUE Paribas Luxembourg	100.00	100.00
Cétélem Belgium	60.00	59.98
Cétélem Bénélux BV (Netherlands)	100.00	99.97
Cétélem CR (Czech Republic)	65.00	65.00
Cétélem SFAC (Portugal)	100.00	99.99
Cie Bancaire UK Fonds A (United Kingdom).....	100.00	100.00
Cie Bancaire UK Fonds B (United Kingdom).....	100.00	99.98
Cie Bancaire UK Fonds D (United Kingdom).....	100.00	99.98
CLAAS Leasing GMBH (Germany).....	100.00	90.00
Cortal Bank Luxembourg	100.00	100.00
Eurocredito (Spain).....	80.00	80.00
Fimestic (Spain)	100.00	100.00
Fimestic Expansion (Spain).....	100.00	100.00
Finer (Italy).....	60.00	59.99
Groupe United European Bank UEB (Switzerland).....	100.00	99.98
Magyar Cetelem (Hungary).....	76.52	100.00
Paribas Deutschland BV (Netherlands).....	100.00	100.00
Paribas Finance INC (USA)	100.00	100.00

Financial institutions	Group voting interest (%)	Group ownership interest (%)
Other financial institutions		
ARVAL LTD (United Kingdom)	75.00	75.00
Paribas Finanziaria SPA (Italy)	100.00	100.00
Paribas Limited - PB Net (United Kingdom)	100.00	100.00
Paribas Suisse Guernesey (Guernsey)	100.00	99.98
UCB Group Ltd (United Kingdom)	100.00	100.00
UCB Socabail Immobiliare (Italy)	100.00	99.96
UCI Grupo (Spain)	50.00	49.97
UFB Factoring Italia	100.00	99.98
UFB Finfactor (Spain)	100.00	100.00
UFB Group (United Kingdom)	100.00	100.00
UFB Kredit Bank (Germany)	100.00	100.00
UFB Leasing Italia	100.00	99.98
UFB Locabail Deutschland	100.00	100.00
UFB Systema Leasing (Germany)	100.00	100.00
Unifactors Belgium	100.00	99.98
United European Credit BV (Netherlands)	100.00	99.97
Americas		
Banco BNP Brasil SA (Brazil)	100.00	100.00
BANCO Cetelem Argentina	60.00	60.00
BNP (Canada)	100.00	100.00
BNP (Mexico) SA	100.00	100.00
BNP (Panama) SA	91.79	91.79
BNP (Uruguay) SA	100.00	100.00
BNP Leasing Corporation Dallas (USA)	100.00	100.00
BNP Private Bank & Trust Cie Bahamas Ltd (Bahamas)	100.00	100.00
Bancwest Corp. Group (USA)	44.97	44.97
Paribas North America (USA)	100.00	100.00
Paribas Principal INC (USA)	100.00	100.00
PNA - Paribas Properties Incorporated (USA)	100.00	100.00
Asia – Oceania		
BBD Indonesia	88.00	88.00
BNP Arbitrage Hong Kong Ltd	100.00	100.00
BNP Primeeast Securities (Hong Kong)	100.00	90.00
BNP Securities Australia	100.00	100.00
Paribas Japan Ltd	100.00	100.00
Paribas Merchant BK. Asia Ltd (Singapore)	100.00	100.00
Pt BNP Lippo Utama Leasing (Indonesia)	80.00	79.97
Africa		
Banque du Caire et de Paris (Egypt)	76.00	76.00
Banque Malgache de l'Océan Indien BMOI (Madagascar)	75.00	65.31
Banque pour le Commerce et L'industrie (Comores)	51.00	51.00
BCI Mer rouge (Djibouti)	51.00	51.00
BICI Côte d'Ivoire	56.79	47.73
BICI Gabon	46.67	40.76
BICI Sénégal	54.11	44.83
BICIA Burkina Faso	51.00	40.04
BMCI (Morocco)	50.00	50.00
BMCI Leasing Maroc	71.83	35.91
Paribas Côte d'Ivoire	84.38	84.38
UBCI (Tunisia)	50.00	50.00
Union Tunisienne de leasing (Tunisia)	34.71	19.71
Other		
Europe		
BNP Financière du Régent (Belgium)	99.99	99.99
BNP Pasfin SIM SPA (Italy)	100.00	100.00
BNP SIM SA Milan (Italy)	100.00	100.00
BNP Suisse Holding	99.98	99.98
BNP UK Holdings Ltd (United Kingdom)	100.00	100.00
Centro Di Telemarketing (Italy)	50.00	50.00
Cie Bancaire UK Fonds C (United Kingdom)	100.00	100.00
Cipango Ltd (United Kingdom)	100.00	100.00
European RE (Guernsey)	100.00	88.65
Fund Services (Poland)	100.00	100.00

Financial institutions	Group voting interest (%)	Group ownership interest (%)
Other (cont'd)		
Interconti - Finance (Ireland)	100.00	100.00
PAM Luxembourg	100.00	99.99
Société Financière pour les Pays d'Outre Mer - SFOM (Switzerland) .	74.17	74.17
August – Holdings Ltd	100.00	100.00
PAM – Milan SGR SPA	100.00	100.00
PAM UK Limited	100.00	100.00
Paribas €&B Limited (United Kingdom)	100.00	100.00
Paribas Fonds Marketing (Germany).....	100.00	99.99
Paribas Futures LTD (United Kingdom).....	100.00	99.99
Paribas Investment Managt GMBH (Germany).....	100.00	100.00
Paribas Ltd – PBAS Capital Markets Grp Ltd.....	100.00	100.00
Paribas Ltd – Wigmore Loan Finance Ltd.....	100.00	100.00
Paribas UK Holding Ltd (United Kingdom).....	100.00	100.00
Paribas UK Ltd (United Kingdom)	100.00	100.00
Americas		
BNP Capital Market LLC (USA)	100.00	100.00
BNP Mexico Holding (Mexico)	100.00	100.00
BNP Securities INC (USA).....	100.00	100.00
BNP US Funding LLC (USA)	100.00	100.00
French American Banking Corporation - FABC (USA)	100.00	100.00
PAM LTD Bahamas	100.00	100.00
Paribas Bahamas LTD Suisse (Bahamas).....	100.00	99.98
Paribas DO BRASIL Consultaria Projeto.....	100.00	100.00
PNA – Paribas Asset Management Incorporated (USA).....	100.00	100.00
PNA – Paribas Corporation (USA)	100.00	100.00
PNA – Paribas Futures Incorporated (USA).....	83.00	100.00
Asia – Oceania		
BNP Equities Asia (Malaysia)	85.62	85.62
BNP Equities Group Australia (Australia).....	100.00	100.00
BNP Finance Hong Kong Ltd.....	100.00	100.00
BNP Futures HKG (Hong Kong).....	100.00	100.00
BNP IFS Hong Kong Ltd.....	100.00	100.00
BNP Pacific Ltd (Australia).....	100.00	100.00
BNP Prime Peregrine Capital Ltd HKG (Hong Kong)	100.00	100.00
BNP Prime Peregrine Ltd Greater China (Malaysia)	90.00	90.00
BNP Prime Peregrine Securities Singapore.....	70.00	70.00
BNP Prime Peregrine Securities Thailand.....	100.00	100.00
BNP Prime Peregrine Singapore Ltd.....	100.00	100.00
BNP Prime Peregrine South East Asia (Malaysia)	100.00	100.00
BNP Securities HKG (Hong Kong)	100.00	100.00
BNP Vila Ltd (Vanuatu)	100.00	100.00
PAM Asia Ltd Singapore.....	100.00	100.00
PAM Japan Ltd	100.00	99.99
Paribas ASIA Equity Jasereh (Indonesia).....	85.00	100.00
Paribas Asia EQUITY LTD (Hong Kong)	100.00	100.00
Paribas Asia EQUITY PHILS INC (Philippines).....	100.00	100.00
Paribas Asia LTD (Hong Kong).....	100.00	100.00
Paribas Capital Markets Ltd (Hong Kong).....	100.00	100.00
Paribas Group Australia.....	100.00	100.00
Paribas Investissement ASIA (Hong Kong).....	100.00	100.00
Pt BNP Lippo Indonesia (Indonesia).....	100.00	99.97
Africa		
BMCI Offshore (Morocco).....	100.00	50.00

Non-financial institutions		Group voting interest (%)	Group ownership interest (%)
IN FRANCE			
Real estate			
Antin Bail	(1)	100.00	100.00
ANTIN Gérance		95.10	95.10
CB Pierre		99.00	60.50
Cerenicim		100.00	100.00
Compagnie Immobilière de France "CIF"	(1)	100.00	100.00
Fleurantine de Participations.....	(1)	100.00	100.00
Foncière Mulhouse Nord		100.00	100.00
Immob.Marché ST. Honoré SCI		100.00	61.11
Immobilière des Bergues		100.00	100.00
KLE 31		99.88	61.14
Klépierre		61.11	61.11
Loisirs Finance SA		51.00	50.98
Meunier Promotion (Groupe)	(1)	100.00	100.00
SA 25 Kléber	(1)	100.00	100.00
SA 37 La Perouse	(1)	100.00	100.00
SA Cecobil		50.00	30.55
SA Centrale Immobiliere		100.00	61.11
SA DE Flers	(1)	100.00	100.00
SA Klecentres		87.50	53.47
SA Soaval		49.92	25.93
SA Socoseine		74.88	43.49
SA Tours Nationale		100.00	53.47
Saint André PEY Berland		100.00	53.47
SAS 192 Charles de Gaulle		100.00	61.11
SAS 21 Kléber		100.00	61.50
SAS 21 La Perouse		100.00	61.11
SAS 43 Grenelle		100.00	61.11
SAS 43 Kléber		100.00	61.11
SAS 46 Notre Dame Victoires		100.00	61.11
SAS 5 Kléber	(1)	100.00	100.00
SAS 5 Turin		100.00	61.13
SAS 52 Iena		100.00	61.11
SAS Baudin Levallois		100.00	61.11
SAS Baudot Massy		100.00	61.11
SAS Begles Arcins		75.00	40.10
SAS Cande		100.00	61.10
SAS Center Villepinte		100.00	53.48
SAS Centre Jaude Clermont		100.00	100.00
SAS Combs La Ville	(1)	100.00	53.47
SAS Concorde Puteaux		100.00	61.11
SAS Daumesnil Reuilly		100.00	61.11
SAS Doumer Caen		100.00	53.49
SAS Espace Dumont d'urville		100.00	61.11
SAS Espace Kléber		100.00	61.11
SAS Etoile Résidence	(1)	100.00	100.00
SAS Flandre		100.00	61.10
SAS Fontenay La Redoute		100.00	61.15
SAS Kléber Levallois		100.00	61.11
SAS Kléber Montigny	(1)	100.00	100.00
SAS Klebureaux		100.00	61.11
SAS Klefinances	(1)	100.00	100.00
SAS Klegestion		100.00	61.11
SAS Klemurs		100.00	61.11
SAS Langevin Herblay		100.00	61.11
SAS Le Havre Capelet		100.00	61.11
SAS Le Havre Tourneville		100.00	61.11
SAS Leblanc Paris 15		100.00	61.11
SAS Louis Philippe	(1)	100.00	100.00
SAS Melun ST Peres		100.00	53.48
SAS Oise Cergy		100.00	80.52
SAS Paul Doumer Rueil		100.00	61.14
SAS Poitiers Alienor		100.00	61.11
SAS Sinkle	(1)	100.00	100.00
SAS Sommer Antony		100.00	61.11
SAS Strasbourg La Vigie		100.00	53.54
SAS Suffren Paris 15		100.00	61.11

Non-financial institutions	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Real estate		
SAS Vanne Montrouge	100.00	63.05
SAS Varennes Ormes	100.00	61.11
SC Bourse	85.00	46.59
SC Cecocord.....	100.00	61.10
SC Rouen Cande	100.00	61.10
SCI Boulogne d'aguesseau	99.90	60.44
SCI Etoile Quinzième	99.90	60.44
SCI Les Ellipses	99.90	60.44
SCI Levallois Anatole France	99.90	60.44
SCI Levallois Michelet	99.90	60.44
SCI Paris Suffren	99.90	60.44
SCI rue du Sentier	100.00	61.11
SCI Rueil Hermes	99.90	60.44
SCI Square Chaptal 2	100.00	61.11
SCI Villepinte LE Tropical	99.90	60.44
Secmarne	61.67	35.07
SEGECE	89.99	51.94
SEGEFICO	(1) 100.00	100.00
SETIC	100.00	100.00
SI Immobilière 36 AV.OPERA	100.00	100.00
SNC 86 Anatole France	100.00	61.11
SNC Cecoville	99.90	61.10
SNC Cortal Pierre Gestion	100.00	100.00
SNC Couperin Foncière	100.00	61.11
SNC Foncière Saint Germain	100.00	61.11
SNC Général Leclerc 11/11bis Levallois	100.00	61.11
SNC Godefroy Puteaux	100.00	61.11
SNC Kléber La Perouse	100.00	61.11
SNC Liège 25 Paris 8eme	100.00	61.11
SNC Soccendre	100.00	51.95
SNC Université Paris 7eme	100.00	61.11
SOLOREC	100.00	55.82
STE du 23 Avenue Marignan.....	100.00	61.11
Insurance		
Cardif RD	(1) 100.00	100.00
Cardif SA	(1) 100.00	100.00
Cardif Sté Vie	(1) 100.00	100.00
Gestion Croissance	72.40	84.40
Natio-vie (and subsidiaries).....	(1) 100.00	100.00
Other		
BETI SNC	100.00	100.00
BINCOFI	100.00	100.00
CAPEFI	(1) 100.00	100.00
Cie d'entreprises industrielles et commerciales (C.E.I.C)	(1) 98.80	98.80
Compagnie d'entreprises et de Chemins de Fer	(1) 100.00	100.00
Courcoux Bouvet.....	100.00	100.00
Financière Kléber	(1) 100.00	100.00
Foncière de la CB.....	100.00	100.00
GAM C.B.....	92.68	90.63
GEP C.B.....	96.35	93.79
KLE 22.....	(1) 99.92	100.00
KLE 65.....	(1) 99.80	100.00
KLE 66.....	(1) 100.00	100.00
Omnium Gestion Dévelop.IMMOB.	(1) 100.00	100.00
Opatra	(1) 100.00	99.97
Ottofrance International	(1) 100.00	99.97
P.A.I Management.....	(1) 100.00	100.00
Parfici	(1) 100.00	100.00
Paribas International.....	(1) 100.00	100.00
Paribas Santé SA	(1) 100.00	99.93
Quatch.....	(1) 99.96	99.93
Safadeco SP	100.00	100.00
Safadeco SA.....	(1) 100.00	100.00
SAGAL.....	(1) 100.00	97.99
SGCF	(1) 99.97	99.97
Société Centrale d'investissement.....	100.00	100.00

Non-financial institutions		Group voting interest (%)	Group ownership interest (%)
Société d'informatique et de Systèmes (SIS)	(1)	100.00	100.00
Sogimo SA	(1)	99.99	99.99
OUTSIDE FRANCE			
Insurance			
BNP Re Luxembourg		100.00	100.00
Cardif Assicurazioni (Italy)		100.00	100.00
Cardif Cia Seg. Vida (Argentina)		100.00	100.00
Cardif Leven (Belgium)		100.00	100.00
Cardif Provita (Czech Republic)		100.00	100.00
Cia Seguros De Vida (Chile)		100.00	100.00
Compania De Seguros Generales (Chile)		100.00	100.00
Investlife Luxembourg SA		100.00	100.00
Pinnacle Holding (United Kingdom)		88.65	88.65
Pinnacle Insurance (United Kingdom)		100.00	88.65
Pinnacle Insurance Mangt Serv. (United Kingdom)		100.00	88.65
Pinnafrica Holding Ltd (South Africa)		100.00	88.65
Pinnafrica Insurance Cy (South Africa)		100.00	88.65
Pinnafrica Insurance Life (South Africa)		100.00	88.65
Real estate			
90 William Street Pty Ltd (Australia)		100.00	100.00
EJENORTE (Spain)		100.00	100.00
EJESUR (Spain)		100.00	100.00
Great Central Railway Land (France)	(1)	99.80	99.80
IMMOBILIARE Magnolia SRL (Italy)		85.00	51.94
Monopoly (United Kingdom)		100.00	100.00
Other			
Amparzo (Netherlands)		100.00	47.54
Cobema (Belgium)		100.00	59.78
Cobepa – Belvuco (Belgium)		77.89	45.95
Cobepa - CFA SA (Belgium)		82.10	49.08
Cobepa - Cie de Particip Intern BV (Netherlands)		100.00	47.53
Cobepa - Cie de Particip Intern SA (Luxembourg)		97.50	58.29
Cobepa - Cie Financière et Mobilière (Belgium)		100.00	57.44
Cobepa - Cie Forestière "Cosylva" (Belgium)		100.00	47.54
Cobepa - Cie Gestion & Develop Informatiq (Belgium)		100.00	59.78
Cobepa – Cippar (Belgium)		100.00	47.53
Cobepa – Clairville (Belgium)		100.00	59.78
Cobepa - Cobepa Finance (Luxembourg)		100.00	59.78
Cobepa - Cobepa Technology (Belgium)		100.00	59.78
Cobepa – Copabel SA (Belgium)		100.00	58.29
Cobepa – Coparin (Luxembourg)		100.00	58.29
Cobepa - Financ Develop & Particip (STE)		100.00	28.89
Cobepa – Financiere Cristal SA (Luxembourg)		100.00	47.53
Cobepa - Group T SA (Belgium)		100.00	47.54
Cobepa - Groupe Financier Liegeois (Belgium)		100.00	47.54
Cobepa – Holnor (Netherlands)		100.00	58.29
Cobepa - Internat Financing Partners SA (Luxembourg)		100.00	47.53
Cobepa – Libelux (Luxembourg)		99.98	59.77
Cobepa – Libenel (Netherlands)		100.00	59.78
Cobepa – Lim (Netherlands)		100.00	59.78
Cobepa – Limaco (Belgium)		100.00	45.96
Cobepa - Lucht ET Licht NV (Netherlands)		100.00	45.95
Cobepa – Mascagni (Belgium)		100.00	45.93
Cobepa – Paribas Deelnemingen NV (Netherlands)		100.00	56.32
Cobepa - Paribas Participation Limitee (Canada)		97.50	58.29
Cobepa – Ramlux (Luxembourg)		100.00	45.96
Cobepa - Regio Invest Ontwik Maats (Belgium)		100.00	45.95
Cobepa - SA Mosane (Belgium)		79.52	47.53
Cobepa – Sté Financière & et de Réalisation (Belgium)		100.00	59.78
Cobepa – Texaf (Belgium)		82.10	49.08
Cobepa – Tradexco SA (Belgium)		100.00	59.78
Cobepa – Vobis Finance (Belgium)		50.00	28.89
Cobepa (Belgium)		61.52	59.78
Cobepa International (Netherlands)		100.00	59.78
Luxpar Réassurance (Luxembourg)		100.00	100.00
Ottomane CIE Financière (Luxembourg)		96.15	96.26

Non-financial institutions	Group voting interest (%)	Group ownership interest (%)
Paribas Cap Inv (United Kingdom)	100.00	100.00
Paribas International BV (Netherlands).....	100.00	100.00
Paribas LTD – Paribas Managt Service LTD (United Kingdom)	100.00	100.00
Paribas Sante Intern.BV (Netherlands).....	100.00	96.47
PARIBAS Trust Luxembourg.....	100.00	100.00
Plagefin (Luxembourg)	99.99	100.00
Sagip (Belgium).....	100.00	100.00

PROPORTIONALLY-CONSOLIDATED COMPANIES

Financial institutions	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Credit institutions		
Case Credit Europe	50.00	50.00
Other financial institutions		
Antarius	50.00	50.00
Axeria Assurances	35.00	35.00
C.F.J.P.E	50.00	50.00
Dartem.....	50.00	50.00
Finaref RD	40.00	40.00
Finaref VIE.....	40.00	40.00
OUTSIDE FRANCE		
Credit institutions		
Europe		
Arval Suisse LHS	50.00	49.99
BNP AK Dresdner Bank AS (Turkey)	30.00	30.00
BNP Dresdner Bank (Polska) SA	50.00	50.00
BNP Dresdner Bank AD (Bulgaria)	40.00	40.00
BNP Dresdner Bank CR/AS (Czech Republic)	50.00	50.00
BNP Dresdner Bank Croatia (Croatia)	50.00	50.00
BNP Dresdner Bank Z A O (Russia)	50.00	50.00
BNP Dresdner European Bank AG (Austria)	50.00	50.00
BNP KH Dresdner Bank Rt (Hungary)	50.00	50.00
Case Crédit Europe (Germany).....	50.00	50.00
Case Credit UK Ltd	50.00	50.00
Case Leasing (Germany).....	50.00	50.00
Africa		
Attijari Cetelem (Morocco)	50.00	50.00
Attijari Locabail (Morocco)	50.00	50.00
Americas		
Dresdner Banque Nationale de Paris Chile (Chile)	44.14	44.14
Inversiones Dresdner BNP Chile (Chile)	50.00	50.00
Asia – Oceania		
International Bank of Paris and Shanghai (People's Republic of China) .	50.00	50.00
Other financial institutions		
Europe		
BNP AK Dresdner Finansal Kiralama (Turkey)	29.99	29.99
Centro Vita ASS (Italy).....	49.00	49.00
Poczsta Polska (Poland).....	48.00	48.00
Americas		
Dresdner BNP Chile Corredores de Bolsa (Chile)	50.00	50.00

Non-financial institutions	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Insurance		
Natio-Assurances	50.00	50.00
Real estate		
SCI Antin Vendome	50.00	30.55
SAS Brescia	50.00	26.73
SAS ESPACE Cordeliers	50.00	30.55
SAS LE Havre Lafayette	40.00	24.44
SAS LE Havre Vauban	40.00	24.44
OUTSIDE FRANCE		
Real estate		
ICD SPA (Italy)	50.00	22.72

COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

Financial institutions	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Credit institutions		
3 CVD	15.00	15.00
BQE Petrofigaz	44.81	44.81
CLF Locabail SAS	40.00	40.00
Cofinoga	49.00	54.00
Covefi	34.00	34.00
Facet	38.85	38.85
Finalion	49.00	49.00
Finama	49.00	49.00
Société Française du Chèque de Voyage	21.00	21.00
STE Paiement Pass	40.01	40.00
VIA Credit Banque – Sagefi	38.78	23.25
Other financial institutions		
Assurances Banque Populaire	15.00	15.00
Euromezzanine SCA 2	31.60	31.60
Fougerolle Financière SAE	49.82	49.82
Laser	9.80	9.80
Novacredit	34.00	34.00
OUTSIDE FRANCE		
Credit institutions		
Europe		
ATF Turkey	30.00	38.55
Cétélem Polska Expansion (Poland)	100.00	100.00
Cofidis Belgium	15.00	15.00
Cofidis Hispania	15.00	15.00
Cofidis UK (United Kingdom)	15.00	15.00
Fimaser (Belgium)	40.00	39.99
Findomestic (Italy)	42.74	42.73
Fipryca (Spain)	34.00	40.00
Fortis Credit (Belgium)	45.00	26.99
Halifax Cetelem Finance Ltd (United Kingdom)	50.00	50.00
Vecofin (Italy)	15.00	15.00

Financial institutions	Group voting interest (%)	Group ownership interest (%)
Asia		
Carrefour Financial Consulting (Taiwan).....	40.00	40.00
Cétélem Services Korea.....	100.00	100.00
Cétélem Services Taiwan.....	100.00	100.00
Africa		
International Bank of Southern Africa - SFOM Ltd (South Africa)	81.60	60.53
The Commercial Bank of Namibia Ltd CBON (Namibia)	43.84	32.51
Americas		
Banco Servicios Financieros (Argentina).....	40.00	40.00
BNP Andes (Peru).....	99.99	99.99
Cétélem America.....	100.00	100.00
Other financial institutions		
Americas		
BNP Canada – Valeurs mobilières	100.00	100.00
Fisher Francis Trees and Watts (USA)	24.90	60.00
Europe		
Cortal Belgium	40.00	40.00
SIFIDA (Luxembourg)	70.33	48.03
Asia – Oceania		
BNP Prime Peregrine Futures Ltd HKG (Hong Kong)	100.00	90.00
BNP Prime Peregrine Inc. Philippines	100.00	100.00
BNP Prime Peregrine Services Ltd HKG (Hong Kong)	100.00	90.00
BNP Primeast Indonesia	100.00	96.99

Non-financial institutions	Group voting interest (%)	Group ownership interest (%)
IN FRANCE		
Real estate		
SCI Secovalde	40.00	24.44
Segece Loisirs ET Transactions.....	100.00	49.38
Other		
AXA Refinance.....	21.00	21.00
Finaxa.....	22.67	22.31
RIVP-Regie Immob.Ville Paris	30.79	30.79
SINVIM	(1) 100.00	100.00
OUTSIDE FRANCE		
Real estate		
Devimo Consult.....	35.00	18.18
Other		
Cobepa - ALL TAG (Belgium)	26.47	12.58
Cobepa – Ancorabel (Belgium)	19.01	8.39
Cobepa - Ariane Beheer (Belgium).....	27.45	15.47
Cobepa - Dehnert & Jansen (Belgium)	35.19	19.82
Cobepa – Eurovos (Belgium)	20.00	11.26
Cobepa – Interxion (Belgium).....	24.05	13.55
Cobepa - Languahe Hill (Belgium).....	31.63	14.54
Cobepa - Mainland Sequoia (Belgium)	30.00	16.90
Cobepa – Mediabel (Belgium).....	22.52	10.78
Cobepa – Neurones (Belgium).....	38.36	18.23
Cobepa - SENS Label (Belgium).....	24.94	14.05
Cobepa - T-Palm (Belgium)	63.24	30.06

(1) Members of the BNP Paribas SA taxation group set up on 1 January 2000

NOTE 3 – CONTRIBUTION OF PARIBAS AND ITS SUBSIDIARIES TO THE NET ASSETS AND NET INCOME OF THE BNP-PARIBAS GROUP

At 31 December 1999, the Paribas sub-group accounted for 41.5% of the BNP-Paribas Group's net assets and 47.3% of its off-balance sheet commitments.

In millions of euros	BNP and subsidiaries (excluding Paribas)	Paribas and subsidiaries	BNP-Paribas Group
ASSETS			
Interbank and money market items	134,045	93,561	227,606
Customer items	154,180	59,215	213,395
Insurance company investments	27,927	20,002	47,929
Bonds and other fixed-income instruments	23,629	33,649	57,278
Equities and other non-fixed-income instruments	12,529	14,153	26,682
Equity securities held for investment and other stock investments	3,075 (1)	4,743	7,818
Investments in companies carried under the equity method	233	2,030	2,263
Tangible and intangible assets	2,572	2,598	5,170
Accrued income and other assets	50,218	58,877	109,095
Goodwill	226	1,163	1,389
TOTAL ASSETS	408,634	289,991	698,625
LIABILITIES AND STOCKHOLDERS' EQUITY			
Interbank and money market items	118,616	112,457	231,073
Customer deposits	122,847	26,156	149,003
Bonds and negotiable debt instruments	43,704	33,395	77,099
Technical reserves of insurance companies	27,849	19,875	47,724
Accrued expenses and other liabilities	70,526	81,212	151,738
Provisions for risks and charges	3,139	3,027	6,166
Subordinated debt	9,117	2,860	11,977
Reserve for General Banking Risks	1,037	3	1,040
Stockholders' equity (1)	10,336	10,822	21,158
Net income	1,463	184	1,647
– Net income attributable to the Group	1,311	173	1,484
– Minority interests	152	11	163
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	408,634	289,991	698,625
COMMITMENTS GIVEN AND RECEIVED			
Financing commitments given	87,622	34,169	121,791
Financing commitments received	4,426	6,807	11,233
Guarantees and endorsements given	38,055	18,908	56,963
Guarantees and endorsements received	37,387	2,647	40,034
Securities to be received	4,574	5,662	10,236
Securities to be delivered	6,280	6,445	12,725
Commitments incurred on forward and options contracts	3,888,271	3,489,569	7,377,840

(1) After elimination of BNP's interest in Paribas.

NOTE 4 – INTERBANK AND MONEY MARKET ITEMS

In millions of euros	30 June 2000		31 December 1999		30 June 1999
	Gross	(Allowances)	Net	Net	Net
Cash and due from central banks and post office banks	8,254	(105)	8,149	6,031	5,149
Treasury bills and money market instruments (note 7)	48,001	(47)	47,954	61,803	45,421
Due from credit institutions					
Demand accounts	16,613	(36)	16,577	11,284	9,155
Term loans and time deposits	23,035	(350)	22,685	34,697	21,888
Repurchase agreements:					
Securities received under resale agreements	108,073		108,073	106,873	43,328
Bills purchased firm or under resale agreements	2,082		2,082	6,591	1,645
Total securities and bills sold firm or under repurchase agreements	110,155		110,155	113,464	44,973
Subordinated loans	298		298	327	33
Total due from credit institutions	150,101	(386)	149,715	159,772	76,049
Total interbank and money market items	206,356	(538)	205,818	227,606	126,619
<i>Including accrued interest</i>			2,585	3,129	1,843

NOTE 5 – CUSTOMER ITEMS

In millions of euros	30 June 2000		31 December 1999	30 June 1999
	Gross	Allowance	Net	Net
Due from customers				
Commercial and industrial loans	8,384		8,384	6,725
Overdrafts	16,548		16,548	12,239
Other credits				
– Short-term loans	39,578		39,578	27,326
– Mortgage loans	33,757		33,757	16,213
– Investment loans	26,503		26,503	24,379
– Export loans	7,873	(624)	7,249	3,425
– Other customer loans	52,248	(259)	51,989	40,693
Total other credits	159,959	(883) (a)	159,076	112,036
Doubtful customer loans	12,286	(8,539)	3,747	2,848
Accrued interest	1,422		1,422	748
Securities and bills purchased firm or under resale agreements	9,009	(14)	8,995	8,909
Subordinated loans (b)	164	(33)	131	85
Total due from customers (c)	207,772	(9,469)	198,303	143,590
Leasing receivables	17,401	(372)	17,029	9,824
Total customer items	225,173	(9,841)	215,332	153,414
<i>Including accrued interest</i>			1,618	901

(a) General allowances for country risks.

(b) Participating loans granted to BNP customers included under "Subordinated loans" amounted to EUR 107 million at 30 June 2000, EUR 339 million at 31 December 1999 and EUR 68 million at 30 June 1999

(c) Loans qualifying for refinancing by the French Central Bank amounted to EUR 10,863 million at 30 June 2000, against 12,233 million at 31 December 1999 and EUR 8,966 at 30 June 1999.

NOTE 6 – INSURANCE COMPANY INVESTMENTS

In millions of euros	30 June 2000	31 December 1999	30 June 1999
Real estate	988	1,015	643
Equities, mutual funds and other non-fixed income instruments	2,346	2,288	1,193
Bonds and other fixed-income instruments	24,854	24,925	17,208
Admissible assets related to unit-linked business	22,884	18,496	6,077
Reinsurers' share of technical reserves	662	496	43
Accrued interest	579	709	463
Insurance company investments	52,313	47,929	25,627

NOTE 7 – TRADING ACCOUNT ASSETS, INVESTMENT SECURITIES HELD FOR SALE AND DEBT SECURITIES HELD FOR INVESTMENT

In millions of euros	30 June 2000			31 December 1999		30 June 1999		
	Gross value	Allowance	Net book value	Market value	Net book value	Market value	Net book value	Market value
Trading account assets:								
Treasury bills and money market instruments	22,637		22,637	22,637	32,136	32,136	22,230	22,230
Bonds and other fixed-income instruments	28,969		28,969	28,969	31,899	31,899	4,978	4,978
Equities and other non-fixed-income instruments	27,644	(2)	27,642	27,642	25,250	25,250	9,185	9,185
Own stock held within the Group	136		136	136	63	63	5	5
Total trading account assets	79,386	(2)	79,384	79,384	89,348	89,348	36,398	36,398
Investment securities held for sale :								
Treasury bills and money market instruments	6,117	(26)	6,091	6,222	7,993	8,133	1,906	1,922
Bonds and other fixed-income instruments	8,132	(776)	7,356	7,868	11,229	11,572	5,644	5,921
Equities and other non-fixed-income instruments	1,413	(52)	1,361	1,461	1,366	1,508	404	451
Own stock held within the Group					3	4		
Total investment securities held for sale	15,662	(854)	14,808	15,551	20,591	21,217	7,954	8,294
Debt securities held for investment:								
Treasury bills and money market instruments	19,247	(21)	19,226		21,674		21,285	
Bonds and other fixed-income instruments	13,555	(46)	13,509		14,150		6,979	
Total debt securities held for investment	32,802	(67)	32,735		35,824		28,264	
Trading account assets, investment securities held for sale and debt securities held for investment (a) :								
	127,850	(923)	126,927		145,763		72,616	
<i>Including :</i>								
Treasury bills and money market instruments	48,001	(47)	47,954		61,803		45,421	
Bonds and other fixed-income instruments	50,656	(822)	49,834		57,278		17,601	
Equities and other non-fixed-income instruments	29,193	(54)	29,139		26,682		9,594	

(a) Mutual fund shares held by the BNP-Paribas Group amounted to EUR 2,613 million at 30 June 2000 (EUR 2,106 million at 31 December 1999 and EUR 608 million at 30 June 1999). This amount includes EUR 927 million in growth funds, of which EUR 795 million incorporated in France compared with EUR 917 million at 31 December 1999 of which EUR 798 million incorporated in France, and EUR 169 million at 30 June 1999, of which EUR 70 million incorporated in France.

NOTE 7 - TRADING ACCOUNT ASSETS, INVESTMENT SECURITIES HELD FOR SALE AND DEBT SECURITIES HELD FOR INVESTMENT (cont'd)

Over the past two years, securities have been reclassified among the various portfolios as follows:

Former classification	New classification	(in millions of euros) Amount transferred		
		First half 2000	1999	First half 1999
Trading account assets	Investment securities held for sale	6	535	75
Investment securities held for sale	Debt securities held for investment	1	8	8
Debt securities held for investment	Investment securities held for sale	166	74	
Trading account assets	Debt securities held for investment	-	15	14

Net premiums on debt securities held for investment, reflecting an acquisition price higher than the redemption price, amounted to EUR 691 million at 30 June 2000 (EUR 494 million at 31 December 1999 and EUR 323 million at 30 June 1999). These premiums are amortised over the remaining life of the securities.

Receivables corresponding to securities lent amounted to EUR 1,628 million at 30 June 2000 (EUR 3,264 million at 31 December 1999 and EUR 776 million at 30 June 1999).

Accrued interest on fixed-income securities was EUR 872 million at 30 June 2000 (EUR 994 million at 31 December 1999 and EUR 465 million at 30 June 1999).

During the first half of 2000, the BNP-Paribas Group used the stockholder authorization to trade in the Bank's shares in order to stabilize the market price to sell 45,000 shares held at 31 December 1999 at an average price of EUR 92. At 30 June 2000, one of the Group subsidiaries engaged in arbitraging on stock market indexes held 1,007,270 BNP-Paribas SA shares, under trading account assets (note 21).

NOTE 8 - EQUITY SECURITIES HELD FOR INVESTMENT AND OTHER STOCK INVESTMENTS

(In millions of euros)	30 June 2000			31 December 1999		30 June 1999	
	Gross book value	Net book value	Fair market value	Net book value	Fair market value	Net book value	Fair market value
Equity securities held for investment :							
Unlisted securities:	2,445	2,082	2,323	1,243	1,582	351	411
Listed securities :	2,090	2,069	4,944	2,234	5,562	1,225	2,251
Total equity securities held for investment	4,535	4,151	7,267	3,477	7,144	1,576	2,662
Other stock investments (a):							
Securities issued by affiliates neither consolidated nor carried under equity method	470	285	325	296	340	300	321
Other Stock Investments	4,836	4,091	7,954	4,045	8,275	1,515	2,461
Total other stock investments	5,306	4,376	8,279	4,341	8,615	1,815	2,782
Total equity securities held for investment and other stock investments	9,841	8,527	15,546	7,818	15,759	3,391	5,444

(a) The fair market value of unlisted securities issued by affiliates that are not consolidated or carried under the equity method and other unlisted stock investments is determined based on the value of the BNP-Paribas Group's equity in the underlying net assets.

Interests in subsidiaries and affiliated credit institutions classified as "Other stock investments" amounted to EUR 416 million and EUR 139 million respectively at 30 June 2000 (EUR 540 million and EUR 17 million at 31 December 1999 and EUR 284 million and EUR 92 million at 30 June 1999).

NOTE 8 - EQUITY SECURITIES HELD FOR INVESTMENT AND OTHER STOCK INVESTMENTS (cont'd)

The main companies carried under "Equity securities held for investment and other stock investments" with a net book value of more than EUR 75 million in the BNP-Paribas Group's accounts are listed below:

In millions of euros	Head Office	Consolidated stockholders' equity in 1999 (a)	Consolidated net income (loss) in 1999	Net book value in BNP-Paribas Group accounts
Shareholding interests of less than 5% of the investee's capital stock				
AXA	Paris	16,358	2,021	617
TOTAL-FINA	La Défense	27,669	1,520	295
AEGON	Netherlands	14,872	1,570	216
SAINT GOBAIN	La Défense	9,538	1,226	202
VIVENDI	Paris	10,892	1,431	191
SCHNEIDER ELECTRIC	Boulogne Billancourt	4,321	496	108
BUENA VISTA HOME ENTER	USA			105
C.I.B.C. Inc	USA			105
AIR FRANCE	Roissy	2,704 (b)	249	102
Shareholding interests of between 5% and 10% of the investee's capital stock				
Cassa Risparmio di Firenze	Italy	682	69	117
RTL GROUP (formerly Audiofina)	Luxembourg	1,319	293	78
Shareholding interests of more than 10% of the investee's capital stock				
PARGESA HOLDING	Switzerland	3,148	677	406
ERBE	Belgium	993	316	323
GIB Group	Belgium	349	42	203
ROYAL CANIN	Aimargues	89	26	93
GENERAL DE TRANSPORT ET D'INDUSTRIE	Rueil-Malmaison	120	2	89
CREDIT LOGEMENT	Paris	495	15	86
DICOBEL	Belgium	380	(2)	78
VIA NORTH AMERICA	U S A	155	7	75

(a) Based on French accounting principles.

(b) Consolidated figures at 31 March 1999

Net unrealized capital gains on equity securities held for investment and other stock investments, calculated by reference to period-end market prices for listed securities, amounted to EUR 7,019 million at 30 June 2000 (EUR 7,941 million at 31 December 1999 and EUR 2,056 million at 30 June 1999).

NOTE 9 – ALLOWANCE FOR CREDIT RISKS AND COUNTRY RISKS

In millions of euros	30 June 2000	31 December 1999	30 June 1999
At 1 January	12,433	8,685	8,685
Net additions to allowances for credit risks and country risks	452	648	181
Write-offs during the period covered by allowances	(634)	(863)	(212)
Effect of changes in Group structure – consolidation of Paribas and its subsidiaries		3,637	
Translation adjustments and other changes	426	326	256
Total at period end	12,677	12,433	8,910
Breakdown of allowances :			
– Allowances reflected under assets :			
• On interbank items (a)	490	568	497
• On customer items (note 5)	9,841	9,873	6,394
• On securities (a)	773	691	774
Total allowances reflected under assets (b)	11,104	11,132	7,665
<i>including allowances for country risks</i>	2,002	2,193	1,656
– Allowances reflected under liabilities:			
• Designated to cover off-balance sheet commitments	458	383	358
• Designated to cover other credit risks	1,115	918	887
Total allowances reflected under liabilities	1,573	1,301	1,245
<i>including allowances for country risks</i>	982	678	704
Total allowance for credit risks and country risks	12,677	12,433	8,910

(a) Allowances on loans to credit institutions mainly concern financial credits (see note 4) exposed to country risk. Allowances on securities shown in this table cover the country risk affecting securities held by the BNP-Paribas Group.

(b) As receivables purchased or swapped are carried at their face value, premiums and differences between purchase price and face value are recorded as allowances

Allowances for loan losses are deducted from the amount of the corresponding loans. Allowances for off-balance sheet commitments are reflected under liabilities, as are allowances for legal proceedings pending, allowances for risks not specifically identified, and allowances for unforeseen sectoral risks.

Outstanding allowances on principal and interest, premiums and discounts in relation to sovereign loans totaled EUR 2,984 million at 30 June 2000 (EUR 2,871 million at 31 December 1999 and EUR 2,360 million at 30 June 1999).

NOTE 9 - ALLOWANCE FOR CREDIT AND COUNTRY RISKS (cont'd')

In millions of euros	30 June 2000	31 December 1999	30 June 1999
Additions to allowances for credit risks and country risks:			
• Customer and interbank items	838	1 281	452
• Off-balance sheet commitments	19	56	20
• Securities	155	70	6
• Credit risks (allowances recorded under liabilities)	6	21	2
Total additions to allowances for credit risks and country risks	1,018	1,428	480
Recoveries and utilizations of allowances for credit risks and country risks:			
• Customer and interbank items	(404)	(523)	(205)
• Off-balance sheet commitments	(62)	(138)	(68)
• Securities	(89)	(110)	(21)
• Credit risks (allowances recorded under liabilities)	(11)	(9)	(5)
Total recoveries and utilizations of allowances for credit risks and country risks	(567)	(780)	(299)
Net additions to allowances for credit risks and country risks	452	648	181
Write-offs not covered by allowances	56	138	41
Recoveries of amounts written off	(36)	(44)	(15)
Cancellation of net (addition to) deduction from allowances for interest arrears reflected under net banking income	(41)	(40)	(11)
Total net additions to allowances for credit risks and country risks	431	702	196
including :			
• Provision charge for specific risks	467	812	252
• Provision charge for country risks	(36)	(110)	(56)

NOTE 10 – TANGIBLE AND INTANGIBLE ASSETS

In millions of euros	30 June 2000			31 December 1999	30 June 1999
	Gross	Depreciation, Amortization and Provisions	Net	Net	Net
Intangible assets :					
- Computer software	635	(498)	137	122	103
- Other intangible assets	341	(163)	178	170	97
Total intangible assets	976	(661)	315	292	200
Tangible assets :					
- Land and buildings	3,370	(1,103)	2,267	2,286	1,322
- Rental properties	1,527	(584)	943	988	
- Equipment, furniture and fixtures	3,812	(2,480)	1,332	1,348	838
- Other fixed assets	294		294	256	80
Total tangible assets	9,003	(4,167)	4,836	4,878	2,240
Total tangible and intangible assets	9,979	(4,828)	5,151	5,170	2,440

Operating Assets

In 1991 and 1992, as allowed by French regulations, BNP transferred its main operating real estate holdings to its subsidiary Compagnie Immobilière de France. The book value of the assets was increased by EUR 1,156 million, and the corresponding capital gain was posted to consolidated stockholders' equity under "capital gains on restructuring", net of the related income tax effect (note 21).

In order to reflect what appeared to be a lasting decline in the real estate market, in 1997 the BNP Group wrote down the book value of these real estate assets by EUR 545 million. The adjustment, net of the related income tax effect, was recorded in the balance sheet under "capital gains on restructuring", consistently with the initial adjustment (note 21). Consequently, this adjustment had no impact on consolidated net income.

Paribas and its subsidiaries did not restructure their real estate assets and operating assets formerly held by these companies are therefore stated at historical cost.

Depreciation and provisions on rental properties include a EUR 152 million provision booked in 1997 in accordance with the principle of prudence to cover unrealized losses on the rental properties held by Compagnie Bancaire.

Non operating Assets

Non operating land and buildings amounted to EUR 982 million at 30 June 2000, compared with EUR 1,183 million at 31 December 1999 and EUR 30 million at 30 June 1999.

Depreciation, Amortization and Provisions

The charge for depreciation, amortization and provisions recorded for the first half of 2000 totaled EUR 292 million compared to EUR 180 million at 30 June 1999.

NOTE 11 - ACCRUED INCOME AND OTHER ASSETS

In millions of euros	30 June 2000	31 December 1999	30 June 1999
Accrued income and other adjustment accounts			
Valuation adjustment account (a)	13,228	9,922	2,618
Accrued income	11,433	7,808	4,448
Collection account	3,333	4,072	1,703
Other adjustment accounts (b)	11,439	6,017	5,606
Total accrued income and other adjustment accounts	39,433	27,819	14,375
Other assets			
Premiums on purchased options	44,862	56,513	12,459
Investments in <i>Codevi</i> "industrial development" securities	2,501	2,495	2,485
Deferred income tax assets	1,551	1,588	656
Other insurance company assets	519	440	119
Other	30,108	20,240	7,504
Total other assets	79,541	81,276	23,223
Total accrued income and other assets	118,974	109,095	37,598

(a) Gains arising from marking transactions (foreign exchange instruments and derivative instruments) to market

(b) Includes prepaid interest for customer and financial institution accounts and prepaid expenses.

NOTE 12 - GOODWILL

In millions of euro	30 June 2000	31 December 1999	30 June 2000
Net amount at 1 January	1,389	215	215
Goodwill carried in the Paribas Group balance sheet at 1 October 1999		1,145	
Exceptional amortisation arising on group restructuring		(88)	(88)
Goodwill on acquisitions made during the period	107	221	15
Translation difference	3	12	8
Amortization of goodwill	(71)	(116)	(26)
Net	1,428	1,389	124

The net amortization of the portion of goodwill not allocated to specific assets or liabilities totalled EUR 69 million, compared to EUR 111 million in 1999 after deduction of EUR 5 million in amortization of negative goodwill, and EUR 21 million at 30 June 1999 after deduction of EUR 5 million in amortization of negative goodwill.

NOTE 13 – INTERBANK AND MONEY MARKET ITEMS AND SECURITIES

In millions of euros	30 June 2000	31 December 1999	30 June 1999
Interbank and money market items			
Demand accounts	16,732	10,663	7,808
Time deposits and borrowings	80,567	102,250	52,570
Securities and bills sold firm or under repurchase agreements :			
• Securities given under repurchase agreements	121,014	106,147	50,010
• Bills sold firm or under repurchase agreements	5,042	12,013	3,070
Total securities and bills sold firm or under repurchase agreements	126,056	118,160	53,080
Total interbank and money market items	223,355	231,073	113,458
Bonds and negotiable short-term debt instruments			
Interbank market securities	341	623	139
Total interbank items and money market securities	223,696	231,696	113,597
<i>Including accrued interest</i>	<i>3,069</i>	<i>3,621</i>	<i>2,013</i>

Interbank demand deposits amounted to EUR 15,742 million at 30 June 2000, compared to EUR 10,160 million at 31 December 1999 and EUR 7,488 million at 30 June 1999.

NOTE 14 - CUSTOMER DEPOSITS, RETAIL CERTIFICATES OF DEPOSIT AND NEGOTIABLE CERTIFICATES OF DEPOSIT

In millions of euros	30 June 2000	31 December 1999	30 June 1999
Customer deposits :			
Demand accounts	53,595	48,407	38,407
Time accounts	62,126	62,653	44,287
Regulated savings accounts	29,776	31,639	31,884
Repurchase agreements:			
Securities given under repurchase agreements	3,694	6,205	6,336
Bills sold firm or under repurchase agreements	126	99	73
	-----	-----	-----
Total securities and bills sold firm or under repurchase agreements	3,820	6,304	6,409
Total customer deposits	149,317	149,003	120,987
Bonds and negotiable short-term debt instruments:			
Negotiable certificates of deposit	50,038	55,005	27,504
Retail certificates of deposit	6,209	5,793	5,234
	-----	-----	-----
Total bonds and negotiable short-term debt instruments	56,247	60,798	32,738
Total customer deposits, retail certificates of deposit and negotiable certificates of deposit			
	205,564	209,801	153,725
<i>Including accrued interest</i>	<i>1,788</i>	<i>1,081</i>	<i>1,250</i>

Regulated demand savings deposits, including savings collected for investment, totaled EUR 12,704 million at 30 June 2000 (EUR 13,190 million at 31 December 1999 and EUR 13,317 at 30 June 1999). Other customer demand deposits amounted to EUR 54,260 at 30 June 2000 (EUR 48,797 million at 31 December 1999 and EUR 38,523 million at 30 June 1999).

NOTE 15- BOND ISSUES

The following table shows bonds issued by the Group by currency, contractual interest rate and maturity at 30 June 2000:

Issuing currency In millions of euros	Average interest rate	Balance outstan- ding at 30 June 2000	2000	2001	2002	2003	2004	2005 2009	Beyond 2009
Bonds issued or converted into euro	Variable 6.74%	2,205 287		395 116	1,517		20 1	55 150	238
Bonds in euro zone currencies not converted into euros									
▪ French francs	Variable 7.56 %	904 9,307	153 2,018	1,264	444	266 267	610	485 4,475	229
▪ Deutsche marks	Variable 8.13 %	204		102	102				
▪ Other	Variable 9.71 %	20 368	20 37		10	77	38	206	
Total bonds in euro zone currencies	Variable 7.62 %	3,129 10,166	173 2,055	395 1,482	1,517 556	266 364	0 649	540 4,831	238 229
Other:									
▪ US Dollars	Variable 5.84 %	105 1,342			105 1,311	31			
▪ Japanese Yen	Variable 1.19 %	148 65	55	148 10					
▪ Other	Variable 7.63 %	843	298	42	236	235	14	18	
Total bonds issued		15,798	2,581	2,077	3,725	896	663	5,389	467
BNP-Paribas Group bonds held by consolidated companies		(2,002)							
Total BNP-Paribas Group bonds outstanding		13,796							
Accrued interest		361							
Total bond issues		14,157							

Unamortized premiums on the various BNP Group bond issues outstanding, representing the difference between the proceeds of the issues and their redemption price, totalled EUR 37 million at 30 June 2000, compared with EUR 35 million at 31 December 1999.

NOTE 16 – TECHNICAL RESERVES OF INSURANCE COMPANIES

In millions of euros	30 June 2000	31 December 1999	30 June 1999
Life technical reserves	27,845	27,533	19,268
Non-life technical reserves	772	874	7
Technical reserves – unit-linked business	23,550	18,889	6,173
Capitalisation reserve	478	428	278
Total technical reserves	52,645	47,724	25,726

Additions are made to the capitalisation reserve at the time of sale of amortisable securities in order to defer part of the net realized gain and maintain the yield-to-maturity of the securities retained in the portfolio.

NOTE 17 - ACCRUALS AND OTHER LIABILITIES

In millions of euro	30 June 2000	31 December 1999	30 June 1999
Accruals:			
Accrued liabilities	7,637	7,704	3,330
Valuation adjustment account (a)	14,456	7,384	2,861
Collection account	679	774	594
Negative goodwill	2	3	3
Other accruals	6,122	6,089	4,908
Total accruals	28,896	21,954	11,696
Other liabilities:			
Liabilities related to securities transactions	7,069	21,567	15,764
Deferred income tax liabilities	2,147	2,080	1,035
Other insurance liabilities	74	85	85
Other payables and liabilities (b)	111,135	106,052	22,506
Total other liabilities	120,425	129,784	39,390
Total accruals and other liabilities	149,321	151,738	51,086

(a) Losses arising from marking transactions (foreign exchange instruments and derivative instruments) to market.

(b) Includes premiums received on written options.

NOTE 18 - ALLOWANCES FOR LIABILITIES AND CHARGES

In millions of euro	30 June 2000	31 December 1999	30 June 1999
Allowances for pension commitments and other employee benefits (note 25)	1,198	1,154	632
Allowances for other credit risks (note 9)	897	700	669
Allowances for off-balance sheet commitments (note 9)	458	383	358
Allowances for sectoral risks (note 9)	218	218	218
Other allowances for liabilities and charges			
- Allowances for merger-related restructuring costs (note 37)	954	1,110	723
- Other allowances	2,460	2,601	639
Total allowances for liabilities and charges	6,185	6,166	3,239

Off-balance sheet commitments covered by allowances amounted to EUR 1,313 million at 30 June 2000, compared to EUR 1,384 million at 31 December 1999 and EUR 1,250 million at 30 June 1999.

Other allowances include a series of allowances totaling EUR 399 million before the related tax effect (EUR 692 million at 31 December 1999) resulting from adjustments recorded in the accounts of Paribas and its subsidiaries at 30 September 1999 to align the accounting policies applied with those of BNP.

NOTE 19 – SUBORDINATED DEBT

In millions of euros	30 June 2000	31 December 1999	30 June 1999
Subordinated Medium and Long-Term Debt	9,330	9,372	6,718
Undated subordinated debt			
Undated participating subordinated notes	347	347	350
Undated floating-rate subordinated notes and debt:			
in foreign currencies	983	904	484
in euros	305	305	305
Total undated floating-rate subordinated notes and debt	1,288	1,209	789
Undated notes	727	707	697
Total undated subordinated debt	2,362	2,263	1,836
Total subordinated debt issued by the Group	11,692	11,635	8,554
Accrued interest	301	342	194
Total	11,993	11,977	8,748

Subordinated Medium and Long-Term Debt

Subordinated debt included under this heading consists of medium- and long-term debentures issued in French francs and foreign currencies equivalent to debt ranking last before participating debt and securities for repayment purposes in the case of liquidation of the bank.

Subordinated medium- and long-term debt issued by the Group generally contains a call provision authorizing the BNP-Paribas Group to buy back its securities directly in the market or through tender offers or, in the case of private placements, over the counter.

Borrowings in international markets by BNP-Paribas or foreign subsidiaries of the Group may be subject to early repayment of principal and the early payment of interest due at maturity in the event that changes in applicable tax laws oblige the Group issuer to compensate debtholders for the consequences of such changes. The debt securities may be called on 30 to 60 days' notice subject to approval by the banking supervisory authorities.

At 30 June 2000, subordinated medium and long-term debt broke down as follows by maturity and by currency:

Issuing currency	Total	2000	2001	2002	2003	2004	2005 to 2009	Beyond 2009
Subordinated medium and long-term debt :								
• Issued in euros or euro zone currencies								
– Issued or converted into euros	5,276	140	304	579	925	636	2,004	688
– Not converted into euros:								
▪ FRF	614	424	2	155			31	2
▪ LUF	375	96		81		37	161	
▪ Other	74					8	51	15
Total subordinated medium and long-term debt not converted into euro	1,063	520	2	236	0	45	243	17
• Issued in other currencies								
▪ US dollar	2,866	110		235	157		1,704	660
▪ Other US dollar	125	63					62	
Total subordinated medium and long-term debt	9,330	833	306	1,050	1,082	681	4,013	1,365

NOTE 19 – SUBORDINATED DEBT (cont'd)**Undated subordinated debt**

In July 1984, pursuant to the French Law of 3 January 1983, BNP-Paribas SA issued a first block of 1,800,000 undated participating subordinated notes (*titres participatifs*) with a face value of FRF 1,000, for a total of EUR 274 million. Subscription rights to new undated participating subordinated notes were attached to each of these notes. In respect of rights exercised between 1 July and 30 July 1985, 1986, 1987, and 1988 BNP issued a total of 412,761 new undated participating subordinated notes with a face value of FRF 1,000 and received an issue premium of EUR 4 million. These notes are redeemable only in the event of a liquidation of BNP-Paribas SA, but may be redeemed in accordance with the terms of the Law.

In October 1985, BNP-Paribas SA issued EUR 305 million of undated floating-rate subordinated notes (*titres subordonnés à durée indéterminée, or TSDI*). These notes are redeemable only in the event of liquidation. They are subordinated to all other company debts but senior to the undated participating subordinated notes issued by the bank. The Board of Directors is entitled to postpone the interest payments on these securities if the stockholders' meeting approving the financial statements declares that there is no income available for distribution. In September 1986, BNP-Paribas SA raised a further USD 500 million by issuing new undated floating-rate subordinated notes with characteristics similar to those of the French franc notes issued in 1985.

Between 1996 and 1998, BNP-Paribas SA issued undated notes, which may be called at the issuer's discretion, starting from a date specified in the issuing agreement and contingent upon the consent of the Commission Bancaire.

Undated participating subordinated notes, undated subordinated notes and undated notes qualify as Tier 2 capital under French regulations and international guidelines on capital adequacy.

NOTE 20 – RESERVE FOR GENERAL BANKING RISKS

The reserve for general banking risks amounted to EUR 1,042 million at 30 June 2000, compared with EUR 1,040 million at 31 December 1999 and EUR 1,038 million at 30 June 1999.

NOTE 21 – CONSOLIDATED STOCKHOLDERS' EQUITY

In millions of euros	Capital	Ordinary capital surplus	Capital gain on restructuring and revaluation surplus
Balance at 1 January 1998	813	3,183	431
Operations affecting capital stock in 1998			
- Stock-for-stock public tender offers	7	46	
- Other	12	192	
Effect of exchange rate fluctuations			
- During 1998			
- Irreversible monetary depreciation			
Restructuring of the interest in the BancWest Corp. Group			
Other movements			(21)
Balance at 31 December 1998 before appropriation of income	832	3,421	401
1998 consolidated net income			
Cash dividend			
Balance at 1 January 1999	832	3,421	401
Operations affecting capital stock in 1999 :			
- Conversion of the capital into euros	41	(41)	
- Stock-for-stock public tender offer for Paribas SA	918	16,949	
- Other	8	92	
Difference arising from application of Article 215 of CRC standard 99-07 (1)		(8,712)	
Effect of exchange rate fluctuations in 1999			
Effect of changes in accounting methods – application of CRC standard 99-07			(81)
Other			(13)
Balance at 31 December 1999 before appropriation of income	1,799	11,709	301
1999 consolidated net income			
Cash dividend			
Balance at 1 January 2000	1,799	11,709	301
Difference arising from application of Article 215 of CRC standard 99-07 (1) to Paribas stock purchased pre-merger		(305)	
Cancellation of BNP stock held by Paribas following the BNP SA/Paribas SA merger	(29)	(571)	
BNP-Paribas SA stock held pursuant to the 5 th resolution of the Stockholders' Meeting of 23 May 2000			
Capital increases	2	13	
Effect of exchange rate fluctuations in the six months ended 30 June 2000			
Other		1	
Balance at 30 June 2000 before appropriation of income	1,772	10,847	301

(1) In application of Article 215 of CRC standard 99-07, goodwill arising on acquisition of the Paribas Group was determined by substituting the net book value of the assets and liabilities constituting the stockholders' equity of Paribas, as shown in the Paribas financial statements at 30 September 1999 after restatement to comply with BNP Group accounting principles, for the issue price of the BNP shares exchanged for the Paribas shares tendered to the offer.

Statutory and additional amortisation of investments	Accumulated translation difference	Parent's company' retained earnings and Group's share in retained earnings of subsidiaries	Retained earnings, capital gain resulting from real estate restructuring and revaluation surplus	Elimination of treasury stock	Stockholders' equity attributable to Group	Minority interests	Total
73	(119)	4,621	5,005		9,001	744	9,745
					53	(53)	204
					204		204
	(119)		(119)		(119)	(65)	(184)
	39		39		39		39
						438	438
		(12)	(38)		(38)	(3)	(41)
73	(199)	4,609	4,887		9,140	1,061	10,201
		1,114	1,114		1,114	53	1,167
		(328)	(328)		(328)	(50)	(378)
73	(199)	5,395	5,673		9,926	1,064	10,990
					17,867	1,577	19,444
					100		100
					(8,712)		(8,712)
	131		131		131	154	285
		(183)	(268)		(268)		(268)
		5	(8)	(731)	(739)	58	(681)
73	(68)	5,217	5,528	(731)	18,305	2,853	21,158
		1,484	1,484		1,484	163	1,647
		(767)	(767)		(767)	(157)	(924)
73	(68)	5,934	6,245	(731)	19,022	2,859	21,881
					(305)	(344)	(649)
				600			1
					(430)		(430)
					15		15
	(10)		(10)		(10)	71	61
		(5)	(5)		(4)	(21)	(25)
73	(78)	5,929	6,230	(561)	18,288	2,565	20,853

NOTE 21 - CONSOLIDATED STOCKHOLDERS' EQUITY (cont'd)**OPERATIONS INVOLVING CAPITAL STOCK IN 1997, 1998 AND 1999**

BNP's capital stock at 1 January 1998 consisted of 213,244,158 common shares with a FRF 25 par value.

Capital increases in 1998

Pursuant to a resolution of the Stockholders' Meeting of 22 May 1997, the Board of Directors of BNP decided on 13 May 1998 to launch a further stock-for-stock public tender offer for BNP Intercontinentale. Consequently, BNP issued 1,702,410 new common shares with a par value of FRF 25 and rights from 1 January 1998 in remuneration for the shares of BNP Intercontinentale it received.

In accordance with Section 180 V of the 1966 French Companies Act and pursuant to delegations received from the Stockholders' Meeting of 21 May 1996, the Board of Directors decided on 4 March 1998, to issue shares reserved for subscribers to the company savings plan via the mutual fund BNP Actionnariat. This mutual fund subscribed 1,280,000 common shares with a par value of FRF 25 for this purpose.

BNP's capital was also increased by the creation of 2,176,932 new shares for stockholders who opted to receive their dividends in the form of shares. In addition, 7,141 new shares were subscribed by BNP employees under the stock option plan.

At 31 December 1998, the capital of BNP SA consisted of 218,410,671 fully paid common shares with a par value of FRF 25.

During the course of 1998, BNP employees subscribed 78,129 shares with rights from 1 January 1998 under the stock option plan. The corresponding capital increase took effect on 5 January 1999.

Capital increases in 1999

Pursuant to a resolution of the Stockholders' Meeting of 13 May 1998, on 9 December 1998 the Board of Directors of Banque Nationale de Paris decided to convert the capital of Banque Nationale de Paris into euros. Following conversion, the par value of the shares amounts to EUR 4. This par value was obtained by rounding up the amount obtained by converting the original FRF 25 par value. Therefore, on 5 January 1999, the capital was increased by FRF 270,550,311.26 (EUR 41 million), corresponding to the sum of the rounding differences (FRF 1.2382 per share). The amount of this capital increase was deducted from "Additional paid-in capital in excess of par".

Banque Nationale de Paris issued 229,490,050 new shares with a par value of EUR 4 with rights from 1 January 1999 in exchange for the Paribas SA shares received following the stock-for-stock public tender offers which closed in August and November 1999 (see below).

In accordance with Section 180 V of the 1966 French Companies Act and pursuant to delegations received from the Stockholders' Meeting of 13 May 1998, the Board of Directors decided on 26 February 1999, to issue Banque Nationale de Paris shares reserved for subscribers to the company savings plan via the mutual fund BNP Accueil. This mutual fund subscribed 1,507,499 common shares with a par value of EUR 4 for this purpose. In addition, during the course of 1999, BNP employees subscribed 180,395 shares with rights from 1 January 1999 under the stock option plan

NOTE 21 - CONSOLIDATED STOCKHOLDERS' EQUITY (cont'd)

At 31 December 1999, BNP SA's capital stock consisted of 449,666,744 fully paid common shares (EUR 4 par value).

During the course of 1999, BNP employees subscribed 462,750 shares (EUR 4 par value) with rights from 1 January 1999 under the stock option plan. The corresponding capital increase took effect on 26 January 2000.

Reduction of capital stock during the first half of 2000

In accordance with the resolution of the Stockholders' Meeting of 23 May 2000 approving the merger between Banque Nationale de Paris and Paribas with retroactive effect from 1 January 2000, 7, 053, 612 BNP shares held by Paribas were cancelled by way of a reduction of capital stock.

At 30 June 2000, BNP Paribas' capital stock consisted of 443,075,882 fully paid common shares (EUR 4 par value).

ANALYSIS OF ADDITIONAL PAID-IN CAPITAL IN EXCESS OF PAR, PREMIUMS ON ACQUISITION AND CAPITAL GAIN ON REAL ESTATE RESTRUCTURING

In 1998, this item was increased by the additional paid-in capital in excess of par resulting from the stock-for-stock public tender offer for BNP Intercontinentale, as well as the issue premiums resulting from the exercise by some stockholders of the option to receive dividends in the form of shares and from the issuance of shares to subscribers to the company savings plan. These issue premiums amounted to EUR 46 million after charging goodwill against additional paid-in capital in excess of par on the exchange offer, and to EUR 192 million on issues concerning the payment of dividends and the shares subscribed by employees.

In 1999, this item was reduced by EUR 41 million in connection with the conversion of BNP SA's capital stock into euros and increased by EUR 91 million following the issue of shares to employees holding stock options and shares issues reserved for subscribers to the company savings plan.

It was also increased by the EUR 16,949 million additional paid-in capital in excess of par resulting from the stock-for-stock public tender offers for Paribas made in 1999 (see below).

During the first half of 2000 this item was increased by EUR 13 million following the issue of shares to employees holding stock options, and reduced by EUR 571 million due to the cancellation of BNP shares held by Paribas at the time of the merger between Banque Nationale de Paris and Paribas.

The capital gain on real estate restructuring of EUR 295 million relates to a restructuring operation whereby BNP transferred its real estate holdings to its subsidiary Compagnie Immobilière de France, "CIF", in 1991 and 1992. The resulting capital gain is recognised in the consolidated income statement in proportion to the additional depreciation charge taken by CIF. The value of the residual gain as at 31 December 1997 includes a write-down of EUR 420 million taken during 1997 (see Notes 1 and 10) to reflect a decline in the real estate market that is now considered to be lasting.

PREFERRED SHARES

In December 1997, BNP US Funding LLC, a wholly-owned subsidiary of the BNP Group, made a new USD-500-million issue of noncumulative preferred shares, which do not dilute earnings per ordinary share. They will pay a contractual dividend of 7.738% for a period of ten years. At the end of that period, the issuer may redeem the shares at par at the end of any calendar quarter. Until they are redeemed, the shares will pay a dividend indexed to Libor. The proceeds of this issue are included in stockholders' equity under "Minority interests" and the corresponding remuneration is treated as a distribution to minority stockholders.

NOTE 21 - CONSOLIDATED STOCKHOLDERS' EQUITY (cont'd)**STOCK-FOR-STOCK PUBLIC TENDER OFFERS FOR PARIBAS***Results of the stock-for-stock public tender offers for Paribas*

On March 9, 1999, Banque Nationale de Paris made a stock-for-stock public tender offer for Paribas SA shares. Under the terms of the offer, which were modified on 8 July 1999, 29 BNP shares plus 13 contingent value rights certificates (CVRs) were exchanged for 20 Paribas shares. The offer ended on 13 August 1999 and was followed by a simplified offer between 1 and 21 October 1999 based on 29 BNP shares for 20 Paribas shares.

A total of 106,640,080 Paribas shares were tendered to the first offer and 51,628,920 shares were tendered to the second offer, representing 96.26% of Paribas' capital. In exchange for these shares, BNP issued a total of 229,490,050 shares (including 154,628,116 shares at an issue price of EUR 74.40 and 74,861,934 shares at an issue price of EUR 85.00) plus 69,316,052 CVRs giving their holders the right, for each CVR held on 1 July 2002, to the payment of an amount in euro equal to the positive difference between EUR 100 and the benchmark BNP share price, subject to a ceiling of EUR 20 per CVR. The benchmark BNP share price will be equal to the weighted average of the closing prices of BNP shares on the Paris Bourse during the 20 trading days preceding 1 July 2002 during which the BNP shares are quoted, rounded to one decimal figure.

During the fourth quarter of 1999, BNP acquired 425,1000 Paribas shares pursuant to the undertaking given at the time of the public tender offer to offer the same exchange parity to Paribas employees holding Paribas stock options. The acquisition of these additional shares raised BNP's interest in the capital of Paribas to 96.48% at 31 December 1999. Between 1 January and 23 May, the date of the merger of BNP SA and Paribas SA, BNP acquired 231,097 Paribas shares.

On 10 November 1999, BNP launched a public buyout offer for Paribas shares. The offer period ran from from 18 to 31 January 2000 and was followed by the compulsory buyout, on 1 February 2000, of the Paribas shares not tendered to the offer. As a consequence of these operations, BNP held 164,536,561 shares, representing the entire capital of Paribas.

As of 30 June 2000, BNP had bought back 8,640,916 CVRs at an average price of EUR 4.99, representing a total amount of EUR 43.1 million (as of 31 December 1999, 1,004,894 CVRs had been bought back at an average price of EUR 4.37, representing a total amount of EUR 4.4 million).

Based on a unit value of EUR 20, the maximum potential commitment in relation to the CVRs outstanding at 30 June 2000 amounts to EUR 1,222 million (EUR 1,362 million at 31 December 1999). The market value of the CVRs at 30 June 2000 was EUR 330 million, i.e. EUR 5.40 per CVR (EUR 312 million at 31 December 1999, i.e. EUR 4.58 per CVR).

Accounting treatment of the public tender offer for the Paribas shares

The assets, liabilities and off-balance sheet items of the Paribas group are consolidated in accordance with the provisions of Article 215 of CRC standard 99-07 at their historic value as shown in the Paribas financial statements at 30 September 1999 after restatement to comply with BNP Group accounting principles,

The restatements made to comply with BNP Group accounting principles had the effect of reducing Paribas' stockholders' equity at September 30, 1999 by EUR 694 million. They mainly concerned the method used to value interest rate swaps representing isolated open positions managed on a medium and long-term basis and portfolios of trading account assets (determination of counterparty risks and administrative costs related to interest rate swaps, measurement of liquidity and modeling risks related to positions on interest rate, equity, index, currency and credit derivatives, and positions on convertible bonds).

In addition, certain employee benefit obligations, including retirement obligations in France and abroad, were provided for in accordance with the rules applied by the BNP.

Lastly, the rules applied by the BNP Group to provide for credit risks in the United States and for country risks were applied to the corresponding commitments in the accounts of the Paribas Group.

The goodwill arising on consolidation of the Paribas Group, as adjusted to take account of the restatements to comply with BNP Group accounting principles, was charged against the premium on the shares issued in exchange for the Paribas shares tendered to the offer, in an amount of EUR 9,017 million (EUR 8,712 million at 31 December 1999).

NOTE 21 - CONSOLIDATED STOCKHOLDERS' EQUITY (cont'd)

BNP SHARES HELD BY THE GROUP

Pursuant to the fifth resolutions of the Stockholders' Meetings of May 4, 1999 and 23 May 2000, BNP was authorised to buy back shares representing a maximum of 10% of its capital stock in order to stabilise the share price, or to award or sell the shares to employees under the statutory profit-sharing scheme or company savings plans, or to cancel the shares acquired or to sell, exchange or otherwise dispose of them or for financial or asset/liability management purposes.

At the date of the merger, the BNP SA shares held by Paribas SA (7,053,612 shares) were cancelled by way of a capital reduction.

At 30 June 2000, the BNP-Paribas Group held 7,359,258 BNP shares representing EUR 697 million. 6,351,988 of these BNP shares, representing EUR 561 million were deducted from stockholders' equity at cost.

in millions of euros	Other Stock Investments (1)		Trading Account Assets (2)		Investment Securities Held For Sale (2)		TOTAL	
	Number of shares	Book value	Number of shares	Book value	Number of shares	Book value	Number of shares	Book value
Held by:								
- BNP SA	13,605	5,633			45,000	3,220	58,605	8,853
- Paribas SA	7,053,612	599,557					7,053,612	599,557
- Paribas SA subsidiaries	1,478,450	125,668					1,478,450	125,668
- BNP SA subsidiaries			156,471	63,228			156,471	63,228
At 31 December 1999	8,545,667	730,858	156,471	63,228	45,000	3,220	8,747,138	797,306
Cancellation of shares held by Paribas SA	-7,053,612	-599,557					-7,053,612	-599,557
Acquisitions in accordance with 5 th resolution of Stockholders' Meetings	4,860,920	430,091					4,860,920	430,091
Other movements	-987	-84	850,799	72,716	-45,000	-3,220	804,812	69,412
At 30 June 2000	6,351,988	561,308	1,007,270	135,944	-	-	7,359,258	697,252

(1) Deducted from consolidated stockholders' equity

(2) c.f. note 7

NOTE 22 - OFF BALANCE SHEET COMMITMENTS

In millions of euros	30 June 2000	31 December 1999	30 June 1999
FINANCING COMMITMENTS GIVEN AND RECEIVED			
Financing commitments given:			
To credit institutions	22,609	8,394	6,374
On behalf of customers:			
– Confirmed letters of credit			
• documentary credits	11,452	10,050	5,629
• other confirmed letters of credit	61,886	60,399	53,484
– Other commitments given on behalf of customers	41,044	42,948	13,163
	114,382	113,397	72,276
Total financing commitments given	136,991	121,791	78,650
Roll-over agreements (stand-by commitments) received:			
From credit institutions	19,583	11,121	7,525
On behalf of customers:	19	112	1,125
Total financing commitments received	19,602	11,233	8,650
GUARANTEES AND ENDORSEMENTS GIVEN AND RECEIVED			
Guarantees and endorsements given:			
To credit institutions			
– Confirmed documentary credits	2,112	1,622	1,184
– other	2,403	3,621	1,836
	4,515	5,243	3,020
On behalf of customers:			
– Guarantees and endorsements:			
• real estate guarantees	1,034	945	938
• administrative and tax guarantees	4,075	3,961	4,028
• other	7,966	8,039	11,300
– Other guarantees on behalf of customers	38,643	38,775	16,311
	51,718	51,720	32,577
Total guarantees and endorsements given	56,223	56,963	35,597
Guarantees and endorsements received:			
From credit institutions	9,144	20,492	6,750
On behalf of customers:			
– Guarantees received from government administrations and related	7,384	7,018	6,768
– Guarantees received from financial institutions	117	272	572
– Other guarantees received	13,257	12,252	10,315
	20,758	19,542	17,655
Total guarantees and endorsements received	29,902	40,034	24,405
COMMITMENTS GIVEN AND RECEIVED ON SECURITIES			
Securities to be received	17,405	10,156	14,137
Securities sold under repurchase agreements to be received (a)	105	80	60
Total securities to be received	17,510	10,236	14,197
Total securities to be delivered	16,683	12,725	12,468

Receipt of these securities is contingent upon exercise of the repurchase option

NOTE 23 - FORWARD AND OPTIONS CONTRACTS

The following transactions were entered into on different markets for specific or global hedging of assets and liabilities and for position management.

In millions of euros	30 June 2000			31 December 1999		
	Hedging transactions	Position management	Total	Hedging transactions	Position management	Total
Forward contracts	710,213	5,754,661	6,464,874	480,204	5,205,568	5,685,772
On organized markets	86,377	1,768,135	1,854,512	103,595	1,424,448	1,528,043
- Interest rate contracts	67,819	1,468,660	1,536,479	81,657	1,220,253	1,301,910
- Foreign exchange contracts	17,323	282,298	299,621	20,530	189,671	210,201
- Financial assets contracts	1,235	17,177	18,412	1,408	14,524	15,932
Over-the-counter	623,836	3,986,526	4,610,362	376,609	3,781,120	4,157,729
Forward-rate agreements (FRAs)	9,824	180,445	190,269	15,507	241,661	257,168
Interest rate swaps	87,952	3,544,029	3,631,981	101,587	3,022,479	3,124,066
Currency swaps	332,855	205,474	538,329	72,056	470,226	542,282
Foreign exchange forward swaps	190,076	38,984	229,060	185,825	37,773	223,598
Other forward contracts	3,129	17,594	20,723	1,634	8,981	10,615
Options	40,872	1,645,095	1,685,967	34,048	1,658,020	1,692,068
On organized markets	7,405	397,551	404,956	6,362	686,027	692,389
Interest rate options	11	130,091	130,102	24	98,504	98,528
- Bought	11	57,328	57,339	12	35,097	35,109
- Sold	-	72,763	72,763	12	63,407	63,419
Currency options	-	15,295	15,295	-	24,510	24,510
- Bought	-	5,243	5,243	-	11,889	11,889
- Sold	-	10,052	10,052	-	12,621	12,621
Other options	7,394	252,165	259,559	6,338	563,013	569,351
- Bought	6,422	120,472	126,894	2,067	264,194	266,261
- Sold	972	131,693	132,665	4,271	298,819	303,090
Over-the-counter	33,467	1,247,544	1,281,011	27,686	971,993	999,679
Caps and floors	14,353	484,094	498,447	11,295	419,945	431,240
- Bought	9,146	244,204	253,350	6,266	202,166	208,432
- Sold	5,207	239,890	245,097	5,029	217,779	222,808
Swaptions and options (Interest rate, currency and other)	19,114	763,450	782,564	16,391	552,048	568,439
- Bought	10,076	373,271	383,347	8,871	257,205	266,076
- Sold	9,038	390,179	399,217	7,520	294,843	302,363
Total forward and options contracts	751,085	7,399,756	8,150,841	514,252	6,863,588	7,377,840

The notional amounts of the contracts shown above should be construed as indicators of the BNP-Paribas Group's activity on the financial instruments markets and not as indicators of the market risks arising on these instruments.

NOTE 23 - FORWARD AND OPTIONS CONTRACTS (cont'd)

EVALUATION OF COUNTERPARTY RISK EXPOSURE

The BNP-Paribas Group's exposure to counterparty risk arising on forward and option contracts is assessed according to European Union and international prudential ratios applicable at 30 June 2000. Accordingly, it takes into account signed netting agreements, which are used to attenuate counterparty risk on derivatives.

The Bank primarily uses the portfolio approach, which enables it to close all positions and mark them to market upon default, netting all positive and negative payments between the two parties to arrive at the net close-out amount payable or receivable. The net close-out amount may be collateralized by requiring the counterparty to pledge cash, securities or deposits as collateral.

The Bank also uses bilateral payment flow netting to attenuate counterparty risk on foreign currency payments. In this case, streams of payment orders in a given currency are replaced by a cumulative balance due to or from each party, representing the single sum, in each currency, remaining to be settled on a given day between the Bank and the counterparty..

The transactions concerned are executed according to the terms of bilateral or multilateral master agreements that comply with the general provisions of national or international master agreements. The main bilateral agreement models used are those of the Association Française des Banques (AFB), or those of the International Swaps and Derivatives Association (ISDA) for international agreements. The BNP-Paribas Group also participates in EchoNetting, enabling it to use multilateral netting for transactions involving the other participants within the organisation.

Credit risk on forward and options contracts (in millions of euros)	30 June 2000		31 December 1999	
	Positive replacement cost	Weighted risk equivalent	Positive replacement cost	Weighted risk equivalent
Sovereign exposure	2,547	-	1,704	-
Risk exposure on banks in zone A (a)	31,974	11,905	27,395	9,921
Risk exposure on banks in zone B (a) and non-banking counterparties	10,711	6,673	10,936	7,744
Total before netting agreements	45,232	18,668	40,035	17,665
Impact of netting agreements	(18,833)	(5,181)	(21,604)	(6,107)
Total after netting agreements	26,399	13,487	18,431	11,558

(a) Zone A consists of the member states of the European Union (EU) and the Organization for Economic Cooperation and Development (OECD) provided that they have not rescheduled any external sovereign debt within the previous five years, and countries that have negotiated special borrowing agreements with the International Monetary Fund (IMF) within the framework of the IMF's General Agreements to Borrow (GAB). Zone B consists of all other countries.

At 30 June 2000, the weighted risk equivalent calculated on OTC forward and options contracts, excluding options sold, was 0.25% of the sum of notional amounts, (0.25% at 31 December 1999).

At 30 June 2000, OTC forward and options contracts giving rise to the calculation of a weighted risk equivalent can be broken down as follows by credit rating (Standard & Poor's) and counterparty:

At 30 June 2000 by credit rating	Nominal volume by residual term (%)			Total
	within 1 year	1 to 5 years	over 5 years	
AAA	30.0	20.7	11.6	62.3
A	8.6	6.6	3.5	18.7
BBB	2.5	2.5	1.1	6.1
BB or less	5.3	5.0	2.6	12.9
Total	46.4	34.8	18.8	100.0

At 30 June 2000 by credit rating	Weighted risk equivalent by residual term (%)			Total
	within 1 year	1 to 5 years	over 5 years	
AAA	14.9	23.1	13.8	51.8
A	5.1	7.9	5.1	18.1
BBB	1.7	3.3	1.5	6.5
BB or less	8.7	9.2	5.7	23.6
Total	30.4	43.5	26.1	100.0

At 30 June 2000 by counterparty	Weighted risk equivalent (%)			Total
	within 1 year	1 to 5 years	over 5 years	
OECD countries				
OECD banks	16.6	21.5	14.9	53.0
Other	13.8	22.0	11.2	47.0
Total	30.4	43.5	26.1	100.0

NOTE 24 - THE BNP-PARIBAS GROUP'S MARKET RISK EXPOSURE AT 30 JUNE 2000, ASSOCIATED WITH FINANCIAL INSTRUMENTS TRANSACTIONS

Following completion of a project launched in September 1999, since 31 March 2000 most of the Group's market risk exposures associated with financial instrument transactions are managed by a single risk assessment system.

This internal Value at Risk system is used to estimate the potential losses that could be incurred in the case of an unfavourable change in market conditions. The calculation is based on "Gross Earnings at Risk" (GEaR) and takes into account a wide range of variables that could affect the value of securities portfolios, including interest rates, foreign exchange rates, securities prices and their volatilities, as well as correlations between these variables.

The system uses the latest simulation techniques and includes processing of non-linear (convex) positions, as well as the volatility risk generated by options. Daily movements in the different variables are simulated to estimate potential losses on market transactions under normal market conditions and assuming normal levels of liquidity.

Values at Risk have been determined using the internal model. The model parameters have been set by the method recommended by the Basle Committee for the determination of estimated values at risk ("Supplement to the Capital Accord to Incorporate Market Risks"). The main measurement parameters are as follows:

- Change in the value of the portfolio over a holding period of 10 trading days,
- Confidence level of 99% (i.e. over a 10-day holding period, potential losses should be less than the corresponding GEaR in 99% of cases).
- Historical data covering 260 days' trading.

For the second quarter of 2000, the total average Value at Risk amounted to EUR 143 million (with a minimum of EUR 117 million and a maximum of EUR 177 million), taking into account the EUR 52 million effect of netting different types of risk and the EUR 90 million effect of netting risks between different business lines. These amounts break down as follows:

Value at Risk (10 days – 99%): analysis by type of risk

In millions of euros	Second quarter 2000			30 June 2000
	average	minimum	maximum	
Interest rate risk	130	101	166	154
Equities risk	56	45	68	67
Currency risk	5	2	9	5
Commodity risk	4	2	8	5
Netting effect	-52			-63
Total	143			168

Value at Risk (10 days – 99%): analysis by main business line

In millions of euros	Second quarter 2000			30 June 2000
	average	minimum	maximum	
Foreign exchange and derivatives	84	69	104	88
Equities and derivatives	57	46	69	67
Commodity derivatives	4	2	8	5
Asset/Liability management (*)	88	73	103	101
Netting effect	-90			-93
Total	143			168

(*) *Trading portfolios (trading accounts assets and investment securities held for sale)*

NOTE 25 - PENSION AND POSTEMPLOYMENT BENEFITS

- *Pension Benefits*

In France and in most of the countries where Group companies operate, pensions are financed by regular contributions to independent pension institutions that manage the payment of benefits.

Since 1 January 1994, pursuant to a new industry-wide agreement on pensions presented in Note 1, the BNP-Paribas Group has been making contributions to two nation-wide complementary pension organisations in France.

The BNP-Paribas pension funds pay additional benefits relative to services rendered prior to 31 December 1993. BNP computes the actuarial value of such pension obligations based on the 1993 mortality table recommended by the French Insurance Code. The difference between the discount and inflation rates used at 31 December 1999 is roughly 3.0%, corresponding to the constant differential between long-term interest rates and inflation.

Pension benefits payable to ex-BNP employees are funded by transfers from the pension fund's existing reserves and reserves that will steadily become eligible for allocation (approximately EUR 95 million at 31 December 1999), and by the annual employers' contributions paid contractually by BNP in France, which are limited to 4% of payroll costs. In addition, a reserve for general banking risks was set up as a precautionary measure in 1993, to take account of the general demographic risk addressed by the industry-wide agreement concluded in September 1993 (see notes 1 and 20).

The pension fund for ex-Paribas employees had reserves of approximately EUR 142 million at 31 December 1999, representing an amount in excess of the fund's pension obligations.

Paribas SA and BNP SA signed agreements in 1994 and 1997 respectively establishing funded pension systems. Upon retirement, BNP-Paribas employees receive additional benefits over and above those they receive from the nationwide organisations.

- *Seniority, Postemployment and Other Postretirement Benefits*

Employees of the various BNP Group companies are entitled to collective or contractual seniority and postemployment benefits such as retirement and seniority bonuses. In France, BNP is encouraging voluntary departures and early retirement among employees who meet certain eligibility criteria. Various companies in the Paribas Group have set up defined-benefit supplementary pension plans

As a general rule, actuarial valuations of these obligations are made using a method that takes into account projected end-of-career salaries in order to determine the aggregate charge corresponding to benefits remaining to be paid to early retirees, retirees (if applicable), as well as vested benefits for employees.

Assumptions concerning mortality, employee turnover, and future salaries, as well as discounting rates (long-term market rates) and inflation, take into account economic conditions specific to each country or Group company. In France, the 1988-90 mortality table adapted to the banking industry is used.

At 30 June 2000, the discount rate used for France and the estimated inflation rate are consistent with those used to assess supplementary bank pension obligations.

BNP-Paribas sets up an allowance to cover the charges related to the voluntary departure or early retirement by staff members, once the voluntary departure or early retirement plan concerned has been approved or submitted for collective approval.

Allowances set up to cover these obligations are analysed below:

At 30 June 2000	Working staff	Early retirement and retirement-equivalent staff	Total
Retirement bonuses	445	10	455
Early retirement and postemployment	72	148	220
Seniority bonuses	107	-	107
Employment Adjustment Plan	34	17	51
Other obligations to employees	251	114	365
Total	909	289	1,198

NOTE 26 – NET INTEREST AND ASSIMILATED INCOME (EXPENSE)

Expenses			Income			In millions of euros	Net income (expense)		
Six months ended 30 June 2000	Six months ended 30 June 1999	Year ended 31 Dec. 1999	Six months ended 30 June 2000	Six months ended 30 June 1999	Year ended 31 Dec. 1999		Six months ended 30 June 2000	Six months ended 30 June 1999	Year ended 31 Dec. 1999
(10,508)	(4,267)	(10,834)	8,972	3,670	9,424	Interbank items (note 27)	(1,536)	(597)	(1,410)
(2,768)	(2,105)	(4,065)	6,991	4,460	9,454	Customer items (note 28)	4,223	2,355	5,389
(2,113)	(925)	(2,459)	2,714	1,255	3,235	Lease transactions	601	330	776
(2,785)	(1,433)	(3,270)				Bonds and negotiable debt instruments	(2,785)	(1,433)	(3,270)
			1,712	1,120	2,300	Bonds and other fixed-income instruments (note 29)	1,712	1,120	2,300
(18,174)	(8,730)	(20,628)	20,389	10,505	24,413	Total	2,215	1,775	3,785

NOTE 27 - NET INTEREST AND ASSIMILATED INCOME (EXPENSE) ON INTERBANK ITEMS

Expenses			Income			In millions of euros	Net income (expense)		
Six months ended 30 June 2000	Six months ended 30 June 1999	Year ended 31 Dec. 1999	Six months ended 30 June 2000	Six months ended 30 June 1999	Year ended 31 Dec. 1999		Six months ended 30 June 2000	Six months ended 30 June 1999	Year ended 31 Dec. 1999
(6,877)	(3,764)	(8,240)	5,420	3,332	6,922	Interest on interbank demand deposits, loans and borrowings	(1,457)	(432)	(1,318)
(3,631)	(503)	(2,594)	3,551	335	2,495	Interest on securities held or given under repurchase agreements	(80)	(168)	(99)
			1	3	7	Interest on subordinated term loans	1	3	7
(10,508)	(4,267)	(10,834)	8,972	3,670	9,424	Net interest and assimilated expense on interbank items	(1,536)	(597)	(1,410)

NOTE 28 – NET INTEREST AND ASSIMILATED INCOME (EXPENSE) ON CUSTOMER ITEMS

Expenses						Income			In millions of euros			Net income (expense)		
Six months ended 30 June 2000	Six months ended 30 June 1999	Year ended 31 Dec. 1999	Six months ended 30 June 2000	Six months ended 30 June 1999	Year ended 31 Dec. 1999				Six months ended 30 June 2000	Six months ended 30 June 1999	Year ended 31 Dec. 1999			
(2,658)	(1,740)	(3,800)	6,798	3,999	9,128	Interest on customer loans and deposits			4,140	2,259	5,328			
(110)	(365)	(265)	183	459	319	Interest on securities held or given under repurchase agreements			73	94	54			
			10	2	7	Interest on subordinated term loans			10	2	7			
(2,768)	(2,105)	(4,065)	6,991	4,460	9,454	Net interest and assimilated income on customer items			4,223	2,355	5,389			

NOTE 29 – NET INCOME FROM SECURITIES PORTFOLIO

In millions of euros	Six months ended 30 June 2000	Six months ended 30 June 1999	Year ended 31 Dec. 1999
Interest on bonds and other fixed-income instruments			
Investment Securities Held for Sale	549	222	592
Debt Securities Held for Investment	742	673	1 348
From Codevi « industrial development » securities	101	101	204
From hedging of interest rate instruments and other	320	124	156
Total interest on bonds and other fixed income instruments :	1,712	1,120	2,300
Income on equities and other non-fixed income instruments :			
Investment Securities Held for Sale	23	2	32
Equity Securities Held for Investment	136	44	74
From other stock investments	62	47	69
Total income on equities and non-fixed-income instruments	221	93	175
Net income from securities portfolio	1,933	1,213	2,475

NOTE 30 – COMMISSIONS

In millions of euros	Net		
	Six months ended 30 June 2000	Six months ended 30 June 1999	Year ended 31 Dec. 1999
	Commissions on interbank and money market transactions	35	37
Commissions on customer transactions	732	408	933
Commissions on securities transactions	42	(14)	(57)
Commissions on foreign exchange and arbitrage transactions	105	91	214
Commissions on securities commitments	131	37	86
Commissions on forward financial instruments	(100)	(31)	(71)
Commissions on securities-related services rendered on securities managed or on deposit:			
Custody fees	110	52	123
Mutual fund management	340	120	307
Management of customer securities portfolios	52	28	62
Other commissions on securities managed or on deposit	35	6	13
Total commissions on securities managed or on deposit	537	206	505
Commissions on securities on behalf of customers :			
For purchases and sales of securities	327	144	397
For purchases and sales of mutual fund shares	207	38	116
Other commissions on securities transactions on behalf of customers	111	36	127
Total commissions on securities transactions on behalf of customers	645	218	640
Other commissions :			
Commissions on customer assistance and advisory services	173	86	215
Commissions on payment systems	212	177	382
Commissions on other financial services	(373)	18	(145)
Expense recoveries	46	43	83
Commissions on miscellaneous revenues	45	46	92
Commissions on other banking transactions	141	111	196
Total other commissions	244	481	823
Total commissions on securities related services rendered	1,426	905	1,968
Net commissions	2,371	1,433	3,198

Total commissions represented 28.3 % of Net Banking Income for the six months ended 30 June 2000, compared with 31.3% for the year ended 31 December 1999 and 31.5 % for the six months ended 30 June 1999.

NOTE 31 – UNDERWRITING RESULT AND NET INVESTMENT INCOME OF INSURANCE COMPANIES

In millions of euros	Six months ended 30 June 2000	Six months ended 30 June 1999	Year ended 31 Dec. 1999
Premium income	5,135	1,850	4,863
Net investment income	1,148	884	2,300
Claims expenses and changes in claims reserves	(5,744)	(2,579)	(6,601)
Total^(a)	539	155	562

The above amounts are stated after eliminating intercompany income and expenses and net of reinsurance ^(a).

For the six months ended 30 June 2000, gross premium income amounted to EUR 5,155 millions (compared to EUR 4,988 million in 1999 and 1,846 million for the six months ended 30 June 1999).

(a) The contribution of the Group insurance companies to underwriting result and net investment income, determined in accordance with insurance accounting standards, is as follows

In millions of euros (at 31 June 2000)	NATIOVIE	CARDIF	OTHERS	TOTAL
Life insurance underwriting result	32	6		38
Non-life insurance underwriting result	1	11	11	23
Administration expense add-back	146	271	14	431
Reclassifications of net investment income	44	15		59
Sub-total	223	303	25	551
Elimination of intercompany income and expenses	(50)	43	(5)	(12)
Net contribution to underwriting result and net investment income	173	346	20	539

NOTE 32 – SALARIES AND EMPLOYEE BENEFITS, INCLUDING PROFIT SHARING

In millions of euros	Six months ended 30 June 2000	Six months ended 30 June 1999	Year ended 31 Dec. 1999
Salaries	2,207	1,149	2,670
Termination benefits and social security taxes :			
Retirement bonuses and retirement expenses	162	106	362
Social security taxes	475	286	655
Total termination benefits and social security taxes	637	392	1,017
Incentive plans and profit sharing:			
Incentive plans	39	18	48
Profit-Sharing Plan	56	54	126
Total incentive plans and profit sharing	95	72	174
Payroll taxes	141	79	179
Total salaries and employee benefits, including profit sharing	3,080	1,692	4,040

NOTE 33 –GAINS (LOSSES) ON DISPOSALS OF LONG-TERM INVESTMENTS, NET OF PROVISIONS

In millions of euros	Six months ended 30 June 2000	Six months ended 30 June 1999	Year ended 31 Dec. 1999
Debt securities held for investment:			
Capital gains on disposal	15		2
Capital losses on disposal	(2)		
(Additions to) deductions from allowances	<u>2</u>		<u>(4)</u>
(Losses) gains on debt securities held for investment, net of provisions	15		(2)
Equity securities held for investment :			
Capital gains on disposal	566	217	920
Capital losses on disposal	(6)	(80)	(195)
Additions to allowances	(54)	(7)	(103)
Deductions from allowances	<u>85</u>	<u>103</u>	<u>216</u>
Gains on equity securities held for investment, net of provisions	591	233	838
Other stock investments			
Capital gains on disposal	546	64	97
Capital losses on disposal	(7)	(7)	(119)
Additions to allowances	(110)	(29)	(60)
Deductions from allowances	<u>47</u>	<u>19</u>	<u>157</u>
Gains on other stock investments, net of provisions	476	47	75
Total gains on disposals of long-term investments, net of provisions	1,082	280	911

NOTE 34 – NON-RECURRING ITEMS

In millions of euros	Six months ended 30 June 2000	Six months ended 30 June 1999	Year ended 31 Dec. 1999
Additions to allowances and contributions to the depositors' guarantee fund			(56)
Additions to allowances for employee benefits	(35)		(53)
Additions to allowances for non-recurring costs associated with the single European currency and the year 2000			(32)
Additions to allowances for restructured or discontinued activities	(25)		
Other non-recurring expenses, net	(21)	(12)	(15)
Net non-recurring items	(81)	(12)	(156)

Non-recurring items reflect the impact on the financial statements of events that are infrequent and unusual in nature for the BNP Group's various lines of business. If these items were included under other income statement headings, the comparability of current-period operations with those of the reference periods would be impaired.

Following adoption of the Depositors' Protection Act dated 25 June 1999, a system was set up to guarantee securities and cash deposited with investment services companies. In 1999, the BNP Group recorded a charge of EUR 56 million to cover the contribution due to the guarantee fund in respect of the period from 1999 to 2002.

During 1998 and 1999, the bank implemented a redundancy plan. The redundancies were caused by both information technology investments, particularly in relation to the single European currency, and the implementation of new organisational systems for the technical support centres and customer service departments. A provision was set up in 1997 to cover the corresponding non-recurring charge. In 1999 an amount of EUR 53 million was charged to this provision primarily to cover the additional costs to be incurred following the extension of the plan to reorganise technical support centres and customer service activities in the network during the first half of 2000. The provision was adjusted during the first half of 2000.

The Group also set aside a net amount of EUR 25 million in connection with the sale of the bulk of its branch network in Spain. The provision is intended to cover costs arising from the resulting reorganisation of local operations and human resources adjustments.

NOTE 35 - SEGMENT INFORMATION

The table below shows net banking income and gross operating income by segment of business, based on a standard allocation of equity.

In millions of euros for the period ended 30 June 2000	Net Banking Income	Gross operating income	Net operating income	Income before tax non-recurring items, amortization of goodwill and movements in the reserve for general banking risks
Domestic banking	2,148	604	519	528
International retail banking	768	322	209	220
Specialist financial services	1,007	359	244	289
Financing and investment banking	3,392	1,614	1,450	1,454
Private asset management – Insurance and equities	1,075	492	495	511
Paribas Capital	23	3	5	598
Other	3	(151)	(110)	426
Intercompany transactions	(31)	-	-	-
TOTAL	8,385	3,243	2,812	4,026

Analysis by geographic area:

In millions of euros for the period ended 30 June 2000	Net banking income	Gross operating income
France	4,764	1,673
Other euro zone countries	1,671	729
The Americas and Asia	1,722	732
Other countries	228	109
TOTAL	8,385	3,243

NOTE 36 – INCOME TAXES

In millions of euros	Six months ended 30 June 2000	Six months ended 30 June 1999	Year ended 31 Dec. 1999
Income taxes for the period, currently payable	820	498	1,147
Deferred income taxes recognised during the period	217	80	54
Income tax expense	1,037	578	1,201
– On recurring items	1,055	583	1,227
– On non-recurring items	(18)	(5)	(26)

In accordance with generally accepted international accounting standards, the Group recognises deferred tax assets on the basis of the probability that they will be recovered. The tax savings arising in the six months ended 30 June 2000 from the utilization of tax losses and the deduction for tax purposes of expenses accounted for in previous periods amounted to EUR 86 million (EUR 43 million in 1999). Unrecognised deferred tax assets totalled EUR 438 million at 30 June 2000 (EUR 534 million at 31 December 1999).

Deferred taxes are broken down as follows in the balance sheet:

In millions of euros	30 June 2000			30 June 1999	31 Dec. 1999
	Companies included in the taxation group (note 2)	Other companies	Total	Total	Total
Deferred income tax assets (1)	1,231	330	1,561	656	1,588
Deferred income tax liabilities	1,170	977	2,147	1,035	2,080
Net deferred income tax liability (asset)	(61)	647	586	379	492

(1) Total deferred income tax assets include EUR 48 million of tax loss carryforwards at 30 June 2000 (EUR 40 million at 31 December 1999)

The deferred income tax liability on the capital gain realised on BNP's transfer to its subsidiary Compagnie Immobilière de France of its buildings and rights to real estate leasing contracts amounted to EUR 196 million at 30 June 2000, after taking into account EUR 105 million written back to the income statement in 1997 in connection with the write-down of the corresponding assets and EUR 87 million added to deferred taxes in respect of land in 1999. This addition was charged in accordance with the new consolidation rules concerning deferred taxes (note 1).

In accordance with CRC standard n° 99.07, a deferred tax liability of EUR 181 million was recorded in 1999 in respect of deferred taxes on the difference between straight-line book depreciation of leased assets and amortisation of the net investment in the leases.

The contra-entry for the adjustments made in 1999 following adopting of the new consolidation rules was deducted from retained earnings (note 21) in accordance with the guidelines relating to changes of accounting principles.

NOTE 37 – BNP-PARIBAS MERGER-RELATED RESTRUCTURING COSTS

A restructuring charge of EUR 989 million net of related tax effect was recorded in the financial statements in connection with the 1999 merger between BNP and Paribas. This charge breaks down as follows:

In millions of euros	Allowance for merger-related restructuring costs	Amortisation of capital gains	Tax effect	Total restructuring charge
Allowances and amortisation recorded on first-time consolidation of Paribas	1,169	183	(363)	989
Utilisation – fourth quarter 1999	(59)	(183)	33	(209)
Total at 31 December 1999	1,110		(330)	780
Utilisation – first half 2000	(156)		34	(122)
Total at 30 June 2000	954		(296)	658

The allowance for merger-related restructuring costs (EUR 1,169 million) includes EUR 533 million of information systems costs, EUR 466 million of human resources costs and EUR 170 million of other costs.

Information system costs relate to system integration projects and the write-off of hardware and software which have become obsolete as a result of the transfer of certain processing operations to common platforms. Logistics costs correspond to the re-allocation and refitting of buildings used in the business.

Human resources costs include costs related to the reorganisation of tasks and employees in connection with the merger of the two groups' common businesses, as well as the reorganisation of common functions.

Other costs include exceptional amortisation of intangible assets related to recent acquisitions whose businesses have become marginal or redundant as a result of being merged with certain businesses conducted by the Paribas Group (mainly capital markets and international private banking). This item also includes fees to be paid to outside consultants in connection with the operational, legal and administrative reorganisation of the expanded group.

NOTE 38 – COMPARISON BETWEEN THE PUBLISHED AND RESTATED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 1999

In application of the new consolidation rules applicable to institutions regulated by the Comité de la Réglementation Bancaire, subsidiaries whose businesses are dissimilar to the Group's main businesses, which were previously accounted for by the equity method, were fully consolidated at 31 December 1999. The published financial statements at 30 June 1999 have been restated in accordance with the same rules, by fully consolidating Natiovie, BNP Ré and Meunier Promotion.

CONSOLIDATED BALANCE SHEET OF THE BNP PARIBAS GROUP AT 30 JUNE 1999

In millions of euros	Published	Adjustments	Restated
ASSETS			
Interbank and money market items	126,618	1	126,619
Customer items	154,119	(705)	153,414
Insurance company investments		25,627	25,627
Bonds and other fixed-income instruments	17,601		17,601
Equities and other non-fixed-income instruments	9,594		9,594
Equity securities held for investment and other stock investments	3,387	4	3,391
Investments in companies carried under the equity method	1,010	(736)	274
Tangible and intangible assets	2,434	6	2,440
Accrued income and other assets	37,430	168	37,598
Goodwill	124		124
TOTAL ASSETS	352,317	24,365	376,682
LIABILITIES AND STOCKHOLDERS' EQUITY			
Interbank and money market items	113,381	77	113,458
Customer deposits	121,712	(725)	120,987
Bonds and negotiable debt instruments	41,190	(703)	40,487
Technical reserves of insurance companies		25,726	25,726
Accrued expenses and other liabilities	51,099	(13)	51,086
Provisions for risks and charges	3,224	15	3,239
Subordinated debt	8,760	(12)	8,748
Reserve for General Banking Risks	1,038		1,038
Stockholders' equity	11,240		11,240
Net income	673		673
– Net income attributable to the Group	605		605
– Minority interests	68		68
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	352,317	24,365	376,682
COMMITMENTS GIVEN AND RECEIVED			
Financing commitments given	78,641	9	78,650
Financing commitments received	8,650		8,650
Guarantees and endorsements given	35,491	106	35,597
Guarantees and endorsements received	24,405		24,405
Securities to be received	14,197		14,197
Securities to be delivered	12,468		12,468
Commitments incurred on forward and options contracts	3,128,664	229	3,128,893

NOTE 38 – COMPARISON BETWEEN THE PUBLISHED AND RESTATED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 1999 (cont'd)

CONSOLIDATED INCOME STATEMENT OF THE BNP-PARIBAS GROUP FOR THE SIX MONTHS ENDED 30 JUNE 1999

In millions of euros	Published	Adjustments	Restated
Net banking income	4,437	119	4,556
Gross operating income	1,674	80	1,754
Net operating income	1,478	80	1,558
Income before tax, non-recurring items, amortization of goodwill and movements in the reserve for general banking risks	1,836	28	1,864
Net income	605		605